NAMA KHOI
MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2019

NAMA KHOI MUNICIPALITY

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NAMA KHOI MUNICIPALITY

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Nama Khoi Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Nama Khoi Municipality includes the towns of Springbok, Concordia, Okiep, Steinkopf, Nababeep, Carolusberg, Vioolsdrift, Rooiwal, Goodhouse and Komaggas.

EXECUTIVE MAYOR

LF Faber

SPEAKER

ML Isaacs

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor	LF Faber
Speaker	ML Isaacs
Executive Councillor	S Kleinbooi
Executive Councillor	WS Jordaan

MUNICIPAL MANAGER

SA Titus

CHIEF FINANCIAL OFFICER

H Cloete (Acting)

REGISTERED OFFICE

Private Bag X17
SPRINGBOK
8240

AUDITORS

Office of the Auditor-General (Northern Cape)
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

ABSA Bank

NAMA KHOI MUNICIPALITY

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

GENERAL INFORMATION

ATTORNEYS

Neville Cloete Attorneys
Webber Wentzel
Duncan J Britz Attorneys
Shreuders Attorneys
Werkman Attorneys
Bouwer & Kie

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

NAMA KHOI MUNICIPALITY

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

GENERAL INFORMATION

MEMBERS OF THE NAMA KHOI MUNICIPALITY

WARD	COUNCILLOR
1	JE van den Heever
2	DA Markus
3	CE Gertze
4	R Kritzinger
5	S Kleinbooi
6	CG Coetzee
7	YL van Zyl
8	P van Reenen
9	GY Pieters
Proportional	LF Faber
Proportional	JD Owies (neè Joseph) (Resigned 29/03/2019)
Proportional	SCJ van Wyk (Resigned 29/03/2019)
Proportional	ZP de Jongh
Proportional	LL Vries
Proportional	SH Ruiter
Proportional	WS Jordaan
Proportional	GJ Coetzee
Proportional	W Van Schalkwyk (Appointed 15/04/2019)
Proportional	ML Isaacs (Appointed 03/04/2019)

NAMA KHOI MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 6 to 107 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

SA Titus
Municipal Manager

31-Aug-19
Date

Report of AG

NAMA KHOI MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R	2018 R
ASSETS			
Non-Current Assets		**787,437,189**	**791,085,208**
Property, Plant and Equipment	**2**	662,880,744	666,536,548
Investment Property	**3**	123,444,704	123,444,704
Intangible Assets	**4**	72,942	65,156
Heritage Assets	**5**	1,038,799	1,038,799
Current Assets		**101,238,675**	**72,622,912**
Inventory	**8**	31,138,138	30,995,464
Receivables from Exchange Transactions	**9**	14,475,385	7,905,668
Receivables from Non-exchange Transactions	**10**	6,295,068	4,625,073
Operating Lease Asset	**7.1**	26,464	53,361
Taxes	**20.3**	20,052,547	12,957,073
Cash and Cash Equivalents	**11.1**	29,224,067	16,059,267
Short-term Investments	**11.2**	27,006	27,006
Total Assets		**888,675,864**	**863,708,120**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**80,150,134**	**70,533,502**
Long-term Borrowings	**12**	7,488,859	-
Non-current Provisions	**13**	49,232,691	46,794,687
Non-current Employee Benefits	**14**	23,428,584	23,738,815
Current Liabilities		**343,674,837**	**278,092,372**
Consumer Deposits	**15**	3,294,373	3,126,230
Provisions	**16**	31,047,598	29,510,121
Current Employee Benefits	**17**	9,543,206	8,760,970
Trade and Other Payables from Exchange Transactions	**18**	283,422,732	220,839,248
Unspent Transfers and Subsidies	**19**	12,727,195	13,402,799
Cash and Cash Equivalents	**11.3**	-	2,432,766
Current Portion of Long-term Borrowings	**12**	3,639,734	20,238
Total Liabilities		**423,824,971**	**348,625,874**
Net Assets		**464,850,893**	**515,082,246**
Accumulated Surplus/(Deficit)		464,850,893	515,082,246
Total Net Assets and Liabilities		**888,675,864**	**863,708,120**

NAMA KHOI MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
REVENUE			
Revenue from Non-exchange Transactions		**135,259,111**	**119,397,001**
Taxation Revenue		**47,470,760**	**45,165,614**
Property Rates	**23**	47,470,760	45,165,614
Transfer Revenue		**79,031,545**	**69,587,063**
Government Grants and Subsidies	**24**	78,970,250	69,587,063
Public Contributions and Donations	**25**	-	-
Contributed Property, Plant and Equipment		61,296	-
Other Revenue		**8,756,805**	**4,644,323**
Actuarial Gains	**14**	4,558,829	1,371,142
Fines. Penalties and Forfeits		589,497	105,322
Interest Earned - Non-exchange Transactions		2,234,593	1,862,575
Licences and Permits	**26**	1,373,885	1,305,284
Revenue from Exchange Transactions		**147,986,861**	**135,819,247**
Service Charges	**27**	133,567,854	123,276,406
Sales of Goods and Rendering of Services	**28**	617,410	546,928
Rent on Land	**29**	894,005	968,579
Rental from Fixed Assets	**30**	2,258,569	1,720,569
Interest Earned - External Investments	**31**	1,778,151	1,357,398
Interest Earned - Exchange Transactions	**32**	8,364,113	6,559,589
Agency Services		244,284	1,075,499
Operational Revenue	**33**	262,475	314,279
Total Revenue		**283,245,972**	**255,216,247**
EXPENDITURE			
Employee related costs	**34**	(85,261,239)	(80,635,973)
Remuneration of Councillors	**35**	(5,985,148)	(5,791,509)
Contracted Services	**36**	(17,632,085)	(17,046,693)
Depreciation and Amortisation	**37**	(43,076,600)	(42,379,471)
Finance Costs	**38**	(14,939,126)	(12,475,276)
Bulk Purchases	**39**	(106,545,716)	(96,374,175)
Inventory Consumed	**8**	(6,409,085)	(7,692,408)
Operational Costs	**40**	(24,287,583)	(33,745,140)
Total Expenditure		**(304,136,581)**	**(296,140,645)**
Operating Surplus/(Deficit) for the Year		**(20,890,609)**	**(40,924,398)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	**8**	(388,183)	(20,910)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	**41**	(28,939,199)	(25,303,234)
Gains/(Loss) on Disposal of Fixed Assets	**42**	(13,361)	(1,019)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	**43**	-	-
Water Losses	**44**	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(50,231,352)**	**(66,249,561)**

NAMA KHOI MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2019

	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 July 2017	**144,993**	**579,852,371**	**579,997,365**
Correction of Error - Note 46.10	-	1,334,442	1,334,442
Restated balance	144,993	581,186,813	581,331,806
Net Surplus/(Deficit) for the year	-	(66,249,561)	(66,249,561)
Net Surplus/(Deficit) previously reported	-	(51,088,428)	(51,088,428)
Effects of Correction of Errors - Note 46.11	-	(15,161,133)	(15,161,133)
Transfer to/from CRR	(144,993)	144,993	-
Restated balance	**-**	**515,082,246**	**515,082,246**
Net Surplus/(Deficit) for the year	-	(50,231,352)	(50,231,352)
Balance at 30 June 2019	**-**	**464,850,893**	**464,850,893**

NAMA KHOI MUNICIPALITY

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		40,076,603	40,780,985
Service Charges		80,538,635	97,174,940
Other Revenue		6,267,039	5,968,383
Government - Operating		47,009,645	44,484,331
Government - Capital		31,285,000	36,616,000
Interest		12,334,446	1,327,937
Cash payments			
Suppliers and Employees		(162,788,414)	(205,431,372)
Finance Charges		(10,963,646)	(9,944,903)
Transfers and Grants		-	-
Net Cash from Operating Activities	**47**	**43,759,309**	**10,976,302**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(39,401,870)	(21,447,517)
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Investment Properties		-	-
Purchase of Intangible Assets		(36,371)	-
Net Cash from Investing Activities		**(39,438,241)**	**(21,447,517)**
CASH FLOW FROM FINANCING ACTIVITIES			
Short term Loans		-	-
Borrowing - Long term/Refinancing		12,028,153	13,001,867
Increase/(Decrease) in Consumer Deposits		168,143	127,981
Repayment of Borrowing		(919,798)	(247,811)
Net Cash from Financing Activities		**11,276,498**	**12,882,037**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,597,566	2,410,821
Cash and Cash Equivalents at the beginning of the year		13,653,507	11,242,686
Cash and Cash Equivalents at the end of the year	**48**	29,251,073	13,653,507
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**15,597,566**	**2,410,821**

NAMA KHOI MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2019	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
ASSETS									
Current Assets									
Cash		16,915,794	(4,300,918)	12,614,876	-	-	12,614,876	29,224,067	131.66%
Call Investment Deposits		-	-	-	-	-	-	27,006	100.00%
Consumer Debtors		19,262,418	(12,421,914)	6,840,504	-	-	6,840,504	14,475,385	111.61%
Other Debtors		12,581,326	1,907,166	14,488,492	-	-	14,488,492	26,374,078	82.03%
Current Portion of long-term receivables		-	-	-	-	-	-	-	0.00%
Inventory		1,017,321	30,053,562	31,070,883	-	-	31,070,883	31,138,138	0.22%
Total Current Assets	**51.2.1**	49,776,859	15,237,896	65,014,755	-	-	65,014,755	101,238,675	55.72%
Non-Current Assets									
Investment Property		123,444,704	-	123,444,704	-	-	123,444,704	123,444,704	0.00%
Property, Plant and Equipment		627,912,868	21,556,397	649,469,266	-	-	649,469,266	662,880,744	2.06%
Intangible Assets		63,994	(26,199)	37,795	-	-	37,795	72,942	93.00%
Other Non-Current Assets		1,038,554	-	1,038,554	-	-	1,038,554	1,038,799	0.02%
Total Non-Current Assets	**51.2.2**	752,460,120	21,530,198	773,990,318	-	-	773,990,318	787,437,189	1.74%
TOTAL ASSETS		802,236,979	36,768,094	839,005,074	-	-	839,005,074	888,675,864	5.92%
LIABILITIES									
Current Liabilities									
Borrowing		-	5,390,383	5,390,383	-	-	5,390,383	3,639,734	-32.48%
Consumer Deposits		3,093,620	32,610	3,126,230	-	-	3,126,230	3,294,373	5.38%
Trade and Other Payables		110,387,047	(18,154,464)	92,232,583	-	-	92,232,583	296,149,926	221.09%
Provisions		8,921,425	14,512,664	23,434,089	-	-	23,434,089	40,590,804	73.21%
Total Current Liabilities	**51.2.3**	122,402,092	1,781,193	124,183,284	-	-	124,183,284	343,674,837	176.75%
Non-Current Liabilities									
Borrowing		-	141,320,865	141,320,865	-	-	141,320,865	7,488,859	-94.70%
Provisions		170,514,762	(126,173,575)	44,341,186	-	-	44,341,186	72,661,275	63.87%
Total Non-Current Liabilities	**51.2.4**	170,514,762	15,147,290	185,662,051	-	-	185,662,051	80,150,134	-56.83%
TOTAL LIABILITIES		292,916,853	16,928,482	309,845,336	-	-	309,845,336	423,824,971	36.79%
NET ASSETS									
Accumulated Surplus/(Deficit)		509,320,126	19,839,612	529,159,738	-	-	529,159,738	464,850,893	-12.15%
TOTAL NET ASSETS	**51.2.5**	509,320,126	19,839,612	529,159,738	-	-	529,159,738	464,850,893	-12.15%

NAMA KHOI MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2019 R	%
REVENUE									
Property Rates		49,087,458	-	49,087,458	-	-	49,087,458	47,470,760	-3.29%
Service Charges - Electricity Revenue		82,719,739	-	82,719,739	-	-	82,719,739	80,125,424	-3.14%
Service Charges - Water Revenue		33,053,220	-	33,053,220	-	-	33,053,220	29,306,528	-11.34%
Service Charges - Sanitation Revenue		11,004,875	257,135	11,262,010	-	-	11,262,010	11,055,479	-1.83%
Service Charges - Refuse Revenue		13,531,791	1,410	13,533,201	-	-	13,533,201	13,080,423	-3.35%
Rental of Facilities and Equipment		1,267,715	-	1,267,715	-	-	1,267,715	2,258,569	78.16%
Interest Earned - External Investments		2,183,767	(942,816)	1,240,951	-	-	1,240,951	1,778,151	43.29%
Interest Earned - Outstanding Debtors		1,902,596	5,080,939	6,983,535	-	-	6,983,535	10,598,706	51.77%
Fines		5,281,409	(5,080,939)	200,470	-	-	200,470	589,497	194.06%
Licences and Permits		1,438,199	-	1,438,199	-	-	1,438,199	1,373,885	-4.47%
Agency Services		1,156,128	-	1,156,128	-	-	1,156,128	244,284	-78.87%
Transfers Recognised - Operational		47,927,000	-	47,927,000	-	-	47,927,000	47,547,411	-0.79%
Other Revenue		1,082,696	988,851	2,071,546	-	-	2,071,546	6,332,719	205.70%
Gains on Disposal of PPE		7,000,000	-	7,000,000	-	-	7,000,000	-	-100.00%
Total Revenue (excluding capital transfers and contributions)	**51.2.6**	258,636,593	304,579	258,941,172	-	-	258,941,172	251,761,838	-2.77%
EXPENDITURE									
Employee Related Costs		87,600,201	1,195,503	88,795,704	-	-	88,795,704	85,261,239	-3.98%
Remuneration of Councillors		5,791,509	205,588	5,997,097	-	-	5,997,097	5,985,148	-0.20%
Debt Impairment		19,066,479	25,856	19,092,335	-	-	19,092,335	28,939,199	51.57%
Depreciation and Asset Impairment		40,787,397	(1,081,802)	39,705,595	-	-	39,705,595	43,076,600	8.49%
Finance Charges		7,200,000	(4,424,733)	2,775,267	-	-	2,775,267	14,939,126	438.30%
Bulk Purchases		105,347,176	-	105,347,176	-	-	105,347,176	106,545,716	1.14%
Other Materials		8,584,215	(194,405)	8,389,810	-	-	8,389,810	6,409,085	-23.61%
Contracted Services		24,029,793	1,814,773	25,844,567	-	-	25,844,567	17,632,085	-31.78%
Other Expenditure		26,552,899	1,245,680	27,798,579	-	-	27,798,579	24,675,766	-11.23%
Loss on Disposal of PPE		-	-	-	-	-	-	13,361	0.00%
Total Expenditure	**51.2.7**	324,959,669	(1,213,540)	323,746,130	-	-	323,746,130	333,477,325	3.01%
Surplus/(Deficit)		(66,323,077)	1,518,119	(64,804,958)	-	-	(64,804,958)	(81,715,487)	26.09%
Transfers Recognised - Capital		23,384,000	14,805,000	38,189,000	-	-	38,189,000	31,422,839	-17.72%
Contributions Recognised - Capital		-	-	-	-	-	-	-	0.00%
Contributed Assets		-	-	-	-	-	-	61,296	0.00%
Surplus/(Deficit) after Capital Transfers & Contributions		(42,939,077)	16,323,119	(26,615,958)	-	-	(26,615,958)	(50,231,352)	88.73%
Taxation		-	-	-	-	-	-	-	0.00%
Surplus/(Deficit) after Taxation		(42,939,077)	16,323,119	(26,615,958)	-	-	(26,615,958)	(50,231,352)	88.73%
Attributable to Minorities		-	-	-	-	-	-	-	0.00%
Surplus/(Deficit) Attributable to Municipality		(42,939,077)	16,323,119	(26,615,958)	-	-	(26,615,958)	(50,231,352)	88.73%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	0.00%
Surplus/(Deficit) for the year		(42,939,077)	16,323,119	(26,615,958)	-	-	(26,615,958)	(50,231,352)	88.73%

NAMA KHOI MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2019	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property Rates		44,178,712	-	44,178,712	-	-	44,178,712	40,076,603	-9.29%
Service Charges		126,464,719	8,196,968	134,661,687	-	-	134,661,687	80,538,635	-40.19%
Other Revenue		10,101,057	(5,234,714)	4,866,343	-	-	4,866,343	6,267,039	28.78%
Government - Operating		47,927,000	-	47,927,000	-	-	47,927,000	47,009,645	-1.91%
Government - Capital		23,384,000	14,805,000	38,189,000	-	-	38,189,000	31,285,000	-18.08%
Interest		3,898,627	(2,657,676)	1,240,951	-	-	1,240,951	12,334,446	893.95%
Payments									
Suppliers and Employees		(232,084,412)	13,431,657	(218,652,755)	-	-	(218,652,755)	(162,788,414)	-25.55%
Finance costs		-	-	-	-	-	-	(10,963,646)	100.00%
Net Cash from/(used) Operating Activities	**51.2.8**	23,869,703	28,541,235	52,410,938	-	-	52,410,938	43,759,309	-16.51%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		7,000,000	-	7,000,000	-	-	7,000,000	-	-100.00%
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-	-	0.00%
Decrease/(Increase) in Other Non-Current Receivables		(1,038,554)	1,038,554	-	-	-	-	-	0.00%
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	#DIV/0!
Payments									
Capital Assets		(23,384,000)	(29,794,188)	(53,178,188)	-	-	(53,178,188)	(39,438,241)	-25.84%
Net Cash from/(used) Investing Activities	**51.2.9**	(17,422,554)	(28,755,634)	(46,178,188)	-	-	(46,178,188)	(39,438,241)	-14.60%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-	-	#DIV/0!
Borrowing long term/refinancing		-	-	-	-	-	-	12,028,153	0.00%
Increase/(Decrease) in Consumer Deposits		5,088	32,610	37,698	-	-	37,698	168,143	346.03%
Payments									
Repayment of Borrowing		(244,426)	(4,119,130)	(4,363,556)	-	-	(4,363,556)	(919,798)	-78.92%
Net Cash from/(used) Financing Activities	**51.2.10**	(239,338)	(4,086,521)	(4,325,859)	-	-	(4,325,859)	11,276,498	-360.68%
NET INCREASE/(DECREASE) IN CASH HELD		6,207,811	(4,300,919)	1,906,892	-	-	1,906,892	15,597,566	717.96%
Cash and Cash Equivalents at the year begin:		10,707,985	-	10,707,985	-	-	10,707,985	13,653,507	27.51%
Cash and Cash Equivalents at the year end:		16,915,796	(4,300,919)	12,614,877	-	-	12,614,877	29,251,074	131.88%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transacted for periods after 1 July 2018. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2018 audited amounts are set out in note 45 of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;

- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	1 April 2019
GRAP 32 (Original – Aug 2013)	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact expected as any such transactions or events are expected in the foreseeable future.	1 April 2019
GRAP 34 (Revised – April 2019)	**Separate Financial Statements** The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.	Unknown

	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 35 **(Revised – April 2019)**	**Consolidated Financial Statements** The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 36 **(Revised – April 2019)**	**Investments in Associates and Joint Ventures** The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 37 **(Revised – April 2019)**	**Joint Arrangements** The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements) No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 38 **(Revised - April 2019)**	**Disclosure of Interest in Other Entities** The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 104 **(Revised – April 2019)**	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model.	Unknown

GRAP 108 (Original – Sept 2013)	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	1 April 2019
GRAP 109	**Accounting by Principles and Agents** The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	1 April 2019
GRAP 110	**Living and non-living resources** The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources. No significant impact expected as any such transactions or events are expected in the foreseeable future.	1 April 2020
IGRAP 17	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	1 April 2019
IGRAP 18	**Recognition and Derecognition of Land** The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements. The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.	1 April 2019
IGRAP 19	**Liabilities to Pay Levies** The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.	1 April 2019

	No such transactions or events are expected in the foreseeable future.	

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is

representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(e) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(f) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

Land and Buildings	***Years***
Land	Indefinite
Buildings	5 - 60

Infrastructure

Roads and Streets	5 - 80
Storm Water	5 - 80
Electricity	10 - 60
Water	5 - 80
Sanitation	10 - 60
Waste Management	5 - 80
Other	30

Community

Recreation Facilities	10 - 60
Community Facilities	10 - 60

Finance lease assets

Office equipment	3 - 5
Other assets	2 - 5

Other

Motor Vehicles	5 - 15
Furniture and other Office equipment	5 - 15
Furniture and fittings	5 - 15
Plant and Equipment	2 - 15
Computer equipment	3 - 10

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007. Where it was impractical to determine depreciated replacement cost on GRAP implementation date, 1 July 2015 was used.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	2-5
Computer Software Licenses	2-5

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	10-50

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.20. HERITAGE ASSETS

1.20.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.20.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset

is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service

potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. NON-CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23. INVENTORIES

1.23.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.23.2. Subsequent Measurement

Inventories, consisting of consumable stores, land, materials and supplies and water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by Telemetry readings and the calculated volume in the distribution network. Where telemetry reading is not available, water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.24. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.24.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.24.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (”other”). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.24.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest

income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.24.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.24.2.4. *Non-Current Investments*

Investments and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.24.3. De-recognition

1.24.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.24.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.24.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.25. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.25.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.25.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.25.3. Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

 i. derecognise the receivable; and
 ii. recognise separately any rights and obligations created or retained in the transfer.

1.26. REVENUE

1.26.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts

are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the

reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.26.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does

not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.27. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

(a) identifying the acquirer (Municipality);
(b) determining the acquisition date;
(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
(d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.28. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.

- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.29. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.33. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 17 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual

values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.34. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.35. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.36. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying Value at 1 July 2018	14,052,373	18,039,078	609,276,390	22,159,232	112,200	2,897,275	666,536,548
Cost	14,052,373	28,228,528	1,170,669,383	58,427,391	604,188	13,570,256	1,285,552,119
Original Cost	14,052,373	28,228,528	1,170,669,383	58,427,391	604,188	13,570,256	1,285,552,119
Accumulated Depreciation and Impairment Losses	-	(10,189,450)	(561,392,993)	(36,268,159)	(491,989)	(10,672,980)	(619,015,571)
Original Cost	-	(10,189,450)	(561,392,993)	(36,268,159)	(491,989)	(10,672,980)	(619,015,571)
Acquisitions	-	-	7,603,284	-	12,028,153	303,129	19,934,566
Capital under Construction	-	-	19,406,008	-	-	-	19,406,008
Contributed PPE	-	-	-	-	-	61,296	61,296
IGRAP 2 Adjustment	-	-	-	-	-	-	-
Depreciation	-	(1,025,049)	(37,637,083)	(2,344,134)	(1,086,307)	(955,426)	(43,047,999)
Normal Depreciation	-	(1,025,049)	(37,637,083)	(2,344,134)	(1,086,307)	(955,426)	(43,047,999)
Backlog Depreciation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(3,730)	(5,946)	(9,675)
Cost	-	-	-	-	(590,905)	(64,240)	(655,145)
Accumulated Depreciation	-	-	-	-	587,175	58,294	645,470
Impairment losses	-	-	-	-	-	-	-
Reversal of Impairment losses	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Carrying Value at 30 June 2019	14,052,373	17,014,029	598,648,599	19,815,098	11,050,316	2,300,328	662,880,744
Cost	14,052,373	28,228,528	1,197,678,675	58,427,391	12,041,436	13,870,440	1,324,298,844
Original Cost	14,052,373	28,228,528	1,197,678,675	58,427,391	12,041,436	13,870,440	1,324,298,844
Accumulated Depreciation and Impairment Losses	-	(11,214,499)	(599,030,076)	(38,612,293)	(991,120)	(11,570,112)	(661,418,100)
Original Cost	-	(11,214,499)	(599,030,076)	(38,612,293)	(991,120)	(11,570,112)	(661,418,100)

2.2 30 JUNE 2018

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying Value at 1 July 2017	14,052,373	19,925,618	586,816,004	24,503,366	219,187	3,693,061	649,209,608
Cost	14,052,373	28,228,528	1,110,479,250	58,427,391	604,188	13,453,186	1,225,244,917
Original Cost	14,052,373	28,228,528	1,110,479,250	58,427,391	604,188	13,453,186	1,225,244,917
Accumulated Depreciation and Impairment Losses	-	(8,302,910)	(523,663,247)	(33,924,026)	(385,002)	(9,760,125)	(576,035,309)
Original Cost	-	(8,302,910)	(523,663,247)	(33,924,026)	(385,002)	(9,760,125)	(576,035,309)
Acquisitions	-	-	14,873,305	-	-	120,959	14,994,264
Original Cost	-	-	14,873,305	-	-	120,959	14,994,264
Contributed PPE	-	-	-	-	-	-	-
Capital under Construction	-	-	6,453,243	-	-	-	6,453,243
Original Cost	-	-	6,453,243	-	-	-	6,453,243
IGRAP 2 Adjustment	-	-	38,863,584	-	-	-	38,863,584
Original Cost	-	-	2,012,886	-	-	-	2,012,886
Correction of Error - Note 46.1	-	-	36,850,698	-	-	-	36,850,698
Depreciation	-	(1,886,540)	(37,729,746)	(2,344,134)	(106,987)	(915,725)	(42,983,132)
Normal Depreciation	-	(1,886,540)	(31,446,379)	(2,344,134)	(106,987)	(915,725)	(36,699,764)
Backlog Depreciation previously not recorded - Note 46.1	-	-	(6,283,367)	-	-	-	(6,283,367)
Carrying value of disposals	-	-	-	-	-	(1,019)	(1,019)
Cost	-	-	-	-	-	(3,889)	(3,889)
Accumulated Depreciation	-	-	-	-	-	2,870	2,870
Impairment losses	-	-	-	-	-	-	-
Carrying Value at 30 June 2018	14,052,373	18,039,078	609,276,390	22,159,232	112,200	2,897,275	666,536,548
Cost	14,052,373	28,228,528	1,170,669,383	58,427,391	604,188	13,570,256	1,285,552,119
Original Cost	14,052,373	28,228,528	1,170,669,383	58,427,391	604,188	13,570,256	1,285,552,119
Accumulated Depreciation and Impairment Losses	-	(10,189,450)	(561,392,993)	(36,268,159)	(491,989)	(10,672,980)	(619,015,571)
Original Cost	-	(10,189,450)	(561,392,993)	(36,268,159)	(491,989)	(10,672,980)	(619,015,571)

	2019 R	2018 R

PROPERTY, PLANT AND EQUIPMENT

See previous sheet page 1

2. page 2

		2019 R	2018 R
2.3	**Property, Plant and Equipment which is in the process of being constructed or developed:**		
	Infrastructure Assets	40,118,551	20,712,543
	Roads	3,419,023	706,704
	Storm Water	411,906	411,906
	Electricity	8,491,139	3,148,796
	Water Supply	2,855,361	4,756,674
	Sanitation	24,941,122	11,688,461
	Total Property, Plant and Equipment under construction	40,118,551	20,712,543
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	20,712,543	14,259,299
	Expenditure during the year	27,009,293	21,326,548
	Assets unbundled during the year	(7,603,284)	(14,873,305)
	Impairment recognised during the year	-	-
	Balance at end of year	**40,118,551**	**20,712,543**
2.4	**Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:**		
	Infrastructure Assets	1,812,898	812,898
	Roads	400,992	400,992
	Storm Water	411,906	411,906
	Electricity	1,000,000	-
	Total	1,812,898	812,898
	The project is taking longer than expected due to reprioritisation of projects and insufficient funds to complete the project in current year.		
2.5	**Expenditure incurred to repair and maintain Property, Plant and Equipment:**		
	Other materials	1,746,610	2,924,397
	Contracted Services	9,790,850	10,538,801
	Total Repairs and Maintenance	**11,537,460**	**13,463,197**
2.6	**Assets pledged as security:**		
	Leased Property, Plant and Equipment of R11 050 316 (2018: R19 944) is secured for leases as set out in Note 12.		

		2019 R	2018 R
2.7	**Contractual commitments for acquisition of Property, Plant and Equipment:**		
	Approved and contracted for:	7,871,170	12,139,582
	Infrastructure	7,871,170	12,139,582
	Total	**7,871,170**	**12,139,582**
	This expenditure will be financed from:		
	Government Grants	7,871,170	12,139,582
	Total	**7,871,170**	**12,139,582**

Depreciated Replacement Cost was calculated in accordance with Directive 7. Where it was impracticle to determine depreciated replacement cost on GRAP implementation date, 1 July 2015 was used.

2.8 Change in Accounting Estimates:

The effect of the Change in Accounting estimates due to the review of useful lives are as follows:

	-	5,038,735
Decrease in depreciation on Infrastructure assets for the year	-	4,654,040
Decrease in depreciation on Land and Buildings assets for the year	-	11,044
Decrease in depreciation on Community assets for the year	-	373,651
Total	**-**	**5,038,735**

3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July	**123,444,704**	**123,444,704**
Cost	123,444,704	123,444,704
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Additions	-	-
Depreciation for the year	-	-
Impairment loss	-	-
Reversal of Impairment loss	-	-
Net Carrying amount at 30 June	**123,444,704**	**123,444,704**
Cost	123,444,704	123,444,704
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-

3.2 Revenue from Investment Property

Revenue derived from the rental of Investment Property	-	433,830

There is no Investment Property which is in the process of being constructed or developed.

There is no Investment Property that is taking a significantly longer period of time to complete than expected.

There is no Investment Property where construction or development has been halted.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Depreciated Replacement Cost was calculated in accordance with Directive 7. Where it was impracticle to determine depreciated replacement cost on GRAP implementation date, 1 July 2015 was used.

		2019 R	2018 R
4.	**INTANGIBLE ASSETS**		
4.1	**Net Carrying amount at 1 July**	**65,156**	**92,518**
	Cost	309,691	309,691
	Accumulated Amortisation	(244,535)	(217,173)
	Additions	36,371	-
	Amortisation	(28,585)	(27,362)
	Disposals	-	-
	Net Carrying amount at 30 June	**72,942**	**65,156**
	Cost	346,062	309,691
	Accumulated Amortisation	(273,120)	(244,535)

There are no Intangible Assets which is in the process of being constructed or developed.

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

Depreciated Replacement Cost was calculated in accordance with Directive 7. Where it was impracticle to determine depreciated replacement cost on GRAP implementation date, 1 July 2015 was used.

5.	**HERITAGE ASSETS**		
5.1	**Net Carrying amount at 1 July**	**1,038,799**	**1,038,799**
	Cost	1,038,799	1,038,799
	Accumulated Impairment Loss	-	-
	Additions	-	-
	Disposals	-	-
	Impairment Loss/ Reversal of Impairment Loss	-	-
	Net Carrying amount at 30 June	**1,038,799**	**1,038,799**
	Cost	1,038,799	1,038,799
	Accumulated Impairment Loss	-	-
	Cultural Artifacts	245	245
	Historical Buildings	1,038,554	1,038,554
		1,038,799	1,038,799

The municipality has 245 movable heritage assets located in the Namakwaland Museum. The municipality has not determined the fair value of these items, as the monetary value of these items is inmaterial based on management assessment of materiality in terms of paragraph 1.6 of the Accounting Policy.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

Depreciated Replacement Cost was calculated in accordance with Directive 7. Where it was impracticle to determine depreciated replacement cost on GRAP implementation date, 1 July 2015 was used.

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

There are no Heritage Assets where construction or development has been halted.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

		2019 R	2018 R
6.	**NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Receivables with repay arrangements - At amortised cost	3,908,976	4,401,704
	Less: Provision for Debt Impairment	(3,908,976)	(4,401,704)
	Total Non-Current Receivables from Exchange Transactions	**-**	**-**
	Reconciliation of Provision for Debt Impairment		
	Balance at beginning of year	4,401,704	4,287,198
	Contribution to provision	-	114,506
	VAT on provision	-	-
	Reversal of provision	(492,727)	-
	Balance at end of year	**3,908,976**	**4,401,704**
7.	**OPERATING LEASE ARRANGEMENTS**		
7.1	**The Municipality as Lessor**		
	Operating Lease Asset	26,464	46,660
	Correction of Error - Note 46.4	-	6,700
	Total Operating Lease Asset	**26,464**	**53,361**
	Disclosed as follows:		
	Non-Current Operating Lease Asset	-	-
	Current Operating Lease Asset	26,464	53,361
		26,464	**53,361**
	Reconciliation		
	Balance at the beginning of the year	53,361	79,363
	Movement during the year	(26,897)	(26,003)
	Balance at the end of the year	**26,464**	**53,361**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	142,555	316,641
1 to 5 Years	55,987	198,542
More than 5 Years	-	-
Total Operating Lease Arrangements	**198,542**	**515,184**

Operating leases relate to property owned by the municipality with lease terms of between 1 to 3 years, fixed annual escalation rates and an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.The lessee does not have an option to purchase the property at the expiry of the lease period.

		2019 R	2018 R
8.	**INVENTORY**		
	Consumables	646,602	556,513
	Previously stated	-	547,628
	Correction of Error - Note 46.2	-	8,885
	Finished Goods	-	-
	Housing Stock	-	-
	Land	30,171,429	30,171,429
	Materials and Supplies	74,482	43,407
	Water	245,624	224,114
	Total Inventory	**31,138,138**	**30,995,464**

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Land inventory consists of land.

8.1	**Inventories recognise as an expense during the year:**		
	Consumables	5,944,146	7,502,872
	Materials and Supplies	464,939	189,536
	Total	**6,409,085**	**7,692,408**
8.2	**Inventories written down due to losses as identified during the annual stores counts:**		
	Consumables	388,183	20,910
	Total	**388,183**	**20,910**

No inventories were pledged as security for liabilities.

9.	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	52,058,839	37,710,639
	Previously stated	-	36,645,474
	Correction of Error - Note 46.3	-	1,065,165
	Water	46,651,651	37,938,142
	Property Rentals	2,947,541	2,555,022
	Waste Management	26,005,304	21,156,747
	Waste Water Management	12,497,832	10,194,929
	Other Arrears	6,481,511	3,253,551
	Total: Receivables from exchange transactions (before provision)	**146,642,677**	**112,809,031**
	Less: Provision for Debt Impairment	(132,167,292)	(104,903,362)
	Total: Receivables from exchange transactions (after provision)	**14,475,385**	**7,905,668**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	5,334,131	4,397,076
31 - 60 Days	1,291,354	1,247,734
61 - 90 Days	484,403	627,644
+ 90 Days	44,948,951	31,438,185
Total	**52,058,839**	**37,710,639**

(Water): Ageing

Current (0 - 30 days)	2,894,261	1,363,549
31 - 60 Days	1,570,275	1,158,711
61 - 90 Days	984,174	737,799
+ 90 Days	41,202,941	34,678,083
Total	**46,651,651**	**37,938,142**

	2019 R	2018 R
(Property Rentals): Ageing		
Current (0 - 30 days)	(14,128)	(24,185)
31 - 60 Days	421,392	49,744
61 - 90 Days	78,616	557,064
+ 90 Days	2,461,661	1,972,399
Total	**2,947,541**	**2,555,022**
(Waste Management): Ageing		
Current (0 - 30 days)	1,224,882	1,181,603
31 - 60 Days	686,278	626,412
61 - 90 Days	395,366	375,203
+ 90 Days	23,698,778	18,973,529
Total	**26,005,304**	**21,156,747**
(Waste Water Management): Ageing		
Current (0 - 30 days)	911,785	849,448
31 - 60 Days	447,362	416,536
61 - 90 Days	228,388	213,628
+ 90 Days	10,910,297	8,715,316
Total	**12,497,832**	**10,194,929**
(Other): Ageing		
Current (0 - 30 days)	110,924	102,317
31 - 60 Days	96,652	87,828
61 - 90 Days	62,565	55,123
+ 90 Days	6,211,370	3,008,284
Total	**6,481,511**	**3,253,551**
(Total): Ageing		
Current (0 - 30 days)	10,461,855	7,869,808
31 - 60 Days	4,513,313	3,586,965
61 - 90 Days	2,233,512	2,566,462
+ 90 Days	129,433,997	98,785,796
Total	**146,642,677**	**112,809,031**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	104,903,362	85,855,771
Contribution to provision	23,707,763	16,563,123
VAT on provision	3,556,166	2,484,468
Reversal of provision	-	-
Balance at end of year	**132,167,292**	**104,903,362**
The total amount of this provision is R132 167 292 and consist of:		
Services	132,167,292	104,903,362
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	**132,167,292**	**104,903,362**
Ageing of amounts past due but not impaired:		
1 month past due	4,513,313	3,586,965
2+ months past due	9,962,072	4,318,703
	14,475,385	**7,905,668**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

		2019 R	2018 R
10.	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Taxes - Rates	37,943,971	31,285,569
	Fines	1,865,924	1,339,474
	Unauthorised, Irregular, Fruitless and Wasteful Expenditure	414,945	607,687
	Other Receivables	1,054,711	652,664
		41,279,551	33,885,393
	Less: Provision for Debt Impairment	(34,984,483)	(29,260,320)
	Total Receivables from non-exchange transactions	**6,295,068**	**4,625,073**

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	2,779,998	2,439,557
31 - 60 Days	1,364,830	1,339,130
61 - 90 Days	641,517	605,654
+ 90 Days	33,157,626	26,901,228
Total	**37,943,971**	**31,285,569**

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2019				
Current (0 - 30 days)	2,084,501	706,726	(11,229)	2,779,998
31 - 60 Days	1,033,804	329,933	1,093	1,364,830
61 - 90 Days	471,461	169,569	487	641,517
+ 90 Days	27,877,861	5,158,046	121,719	33,157,626
Sub-total	31,467,627	6,364,274	112,070	37,943,971
Less: Provision for Debt Impairment				(33,159,347)
Total debtors by customer classification				**4,784,623**

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2018				
Current (0 - 30 days)	1,904,005	624,824	(88,953)	2,439,876
31 - 60 Days	849,389	489,279	462	1,339,130
61 - 90 Days	422,563	182,686	404	605,653
+ 90 Days	23,067,961	3,760,172	72,777	26,900,910
Sub-total	26,243,918	5,056,961	(15,310)	31,285,569
Less: Provision for Debt Impairment				(27,954,765)
Total debtors by customer classification				**3,330,804**

	2019 R	2018 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	29,260,320	23,119,183
Contribution to provision	5,724,163	6,141,137
Reversal of provision	-	-
Balance at end of year	**34,984,483**	**29,260,320**
The total amount of this provision is R34 984 483 (2018:R29 260 320) and consist of:		
Taxes	33,159,347	27,954,765
Fines	1,825,136	1,305,556
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**34,984,483**	**29,260,320**
Ageing of amounts past due but not impaired:		
1 month past due	1,364,830	1,339,130
2+ months past due	1,594,658	686,118
	2,959,488	**2,025,248**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

		2019 R	2018 R
11.	**BANK ACCOUNTS**		
11.1	**Cash and Cash Equivalents**		
	Current Accounts	8,278,981	-
	Call Deposits and Investments	20,923,486	16,030,667
	Cash Float	20,000	27,000
	Cash On-hand	1,600	1,600
	Total Cash and Cash Equivalents - Assets	**29,224,067**	**16,059,267**
11.2	**Short-term Investments**		
	Call Deposits	27,006	27,006
	Total Short-term Investments	**27,006**	**27,006**
11.3	**Liabilities**		
	Current Accounts	-	2,432,766
	Previously stated	-	2,384,317
	Correction of Error - Note 46.5	-	(29,461)
	Correction of Error - Note 46.5	-	29,270
	Correction of Error - Note 46.5	-	29,663
	Correction of Error - Note 46.5	-	18,977
	Total Cash and Cash Equivalents - Liabilities	**-**	**2,432,766**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

Call Investments Deposits to an amount of R20 923 486 are held to fund the Unspent Conditional Grants (2018: R16 030 667).

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 4052704442 (Primary Bank Account):	8,278,981	(2,432,766)
	8,278,981	**(2,432,766)**

Call Deposits and Investments

ABSA Bank Limited - Account Number 9270778034 (Library):	850,000	1,290,592
ABSA Bank Limited - Account Number 9249138970 (FMG):	800,649	939
ABSA Bank Limited - Account Number 9233473372 (Land Sales):	2,407,268	965,979
ABSA Bank Limited - Account Number 9233471702 (MIG):	1,731,175	939
ABSA Bank Limited - Account Number 9233473306 (Housing):	300,949	949
ABSA Bank Limited - Account Number 9233472871 (DME):	5,428,265	7,218,140
ABSA Bank Limited - Account Number 9255092704 (NDFT):	309,468	550,000
ABSA Bank Limited - Account Number 9259915702 (MSIG):	975	975
ABSA Bank Limited - Account Number 9276734547 (EPWP):	1,000,939	90,646
ABSA Bank Limited - Account Number 9313614189 (ACIP):	1,063,308	1,392,133
ABSA Bank Limited - Account Number 9313614430 (LG SETA):	170,729	88,084
ABSA Bank Limited - Account Number 9338917532 (Drought Relief):	6,859,760	4,431,291
	20,923,486	**16,030,667**

Details of current accounts are as follow:

ABSA Bank Limited - Account Number 4052704442 (Primary Bank Account):

Cash book balance at beginning of year	(2,432,766)	3,087,224
Cash book balance at end of year	8,278,981	(2,432,766)
Bank statement balance at beginning of year	1,115,373	3,346,499
Bank statement balance at end of year	8,260,532	1,115,373

Details of call investment accounts are as follow:

	2019 R	2018 R
ABSA Bank Limited - Account Number 9270778034 (Library):		
Cash book balance at beginning of year	1,290,592	2,386,308
Cash book balance at end of year	850,000	1,290,592
Bank statement balance at beginning of year	1,290,592	2,386,308
Bank statement balance at end of year	850,000	1,290,592
ABSA Bank Limited - Account Number 9249138970 (FMG):		
Cash book balance at beginning of year	939	945
Cash book balance at end of year	800,649	939
Bank statement balance at beginning of year	939	945
Bank statement balance at end of year	800,649	939
ABSA Bank Limited - Account Number 9233473372 (Land Sales):		
Cash book balance at beginning of year	965,979	700,975
Cash book balance at end of year	2,407,268	965,979
Bank statement balance at beginning of year	965,979	700,975
Bank statement balance at end of year	2,407,268	965,979
ABSA Bank Limited - Account Number 9233471702 (MIG):		
Cash book balance at beginning of year	939	4,062,234
Cash book balance at end of year	1,731,175	939
Bank statement balance at beginning of year	939	4,062,234
Bank statement balance at end of year	1,731,175	939
ABSA Bank Limited - Account Number 9233473306 (Housing):		
Cash book balance at beginning of year	949	441,505
Cash book balance at end of year	300,949	949
Bank statement balance at beginning of year	949	441,505
Bank statement balance at end of year	300,949	949
ABSA Bank Limited - Account Number 9233472871 (DME):		
Cash book balance at beginning of year	7,218,140	920
Cash book balance at end of year	5,428,265	7,218,140
Bank statement balance at beginning of year	7,218,140	920
Bank statement balance at end of year	5,428,265	7,218,140
ABSA Bank Limited - Account Number 9255092704 (NDFT):		
Cash book balance at beginning of year	550,000	550,000
Cash book balance at end of year	309,468	550,000
Bank statement balance at beginning of year	550,000	550,000
Bank statement balance at end of year	550,000	550,000
ABSA Bank Limited - Account Number 9259915702 (MSIG):		
Cash book balance at beginning of year	975	975
Cash book balance at end of year	975	975
Bank statement balance at beginning of year	975	975
Bank statement balance at end of year	975	975
ABSA Bank Limited - Account Number 9276734547 (EPWP):		
Cash book balance at beginning of year	90,646	945
Cash book balance at end of year	1,000,939	90,646
Bank statement balance at beginning of year	90,646	945
Bank statement balance at end of year	1,000,939	90,646

		2019 R	2018 R
	ABSA Bank Limited - Account Number 9313614189 (ACIP):		
	Cash book balance at beginning of year	1,392,133	975
	Cash book balance at end of year	1,063,308	1,392,133
	Bank statement balance at beginning of year	1,392,133	975
	Bank statement balance at end of year	1,063,308	1,392,133
	ABSA Bank Limited - Account Number 9313614430 (LG SETA):		
	Cash book balance at beginning of year	88,084	24,250
	Cash book balance at end of year	170,729	88,084
	Bank statement balance at beginning of year	88,084	24,250
	Bank statement balance at end of year	170,729	88,084
	ABSA Bank Limited - Account Number 9338917532 (Drought Relief):		
	Cash book balance at beginning of year	4,431,291	-
	Cash book balance at end of year	6,859,760	4,431,291
	Bank statement balance at beginning of year	4,431,291	-
	Bank statement balance at end of year	6,859,760	4,431,291
12.	**LONG-TERM BORROWINGS**		
	Annuity Loans - At amortised cost	-	-
	Capitalised Lease Liability - At amortised cost	11,128,593	20,238
		11,128,593	**20,238**
	Less: Current Portion transferred to Current Liabilities	**(3,639,734)**	**(20,238)**
	Annuity Loans - At amortised cost	-	-
	Capitalised Lease Liability - At amortised cost	(3,639,734)	(20,238)
	Total Long-term Borrowings	**7,488,859**	**-**

		Minimum payments	
12.1	The obligations under finance leases are scheduled below:		
	Amounts payable under finance leases:		
	Payable within one year	4,881,572	20,491
	Payable within two to five years	8,455,672	-
	Payable after five years	-	-
		13,337,244	20,491
	Less: Future finance obligations	(2,208,651)	(253)
	Present value of finance lease obligations	**11,128,593**	**20,238**

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2.

		2019 R	2018 R
13.	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	49,232,691	46,794,687
	Total Non-current Provisions	**49,232,691**	**46,794,687**
13.1	***Landfill Sites***		
	Balance 1 July	76,304,808	25,727,885
	Contribution for the year	3,975,481	6,131,522
	Correction of Error - Note 46.6	-	27,229,283
	Correction of Error - Note 46.7	-	17,216,117
	Total provision 30 June	**80,280,288**	**76,304,808**
	Less: Transfer of Current Portion to Current Provisions - Note 16	(31,047,598)	(29,510,121)
	Previously stated	-	(12,294,004)
	Correction of Error - Note 46.7	-	(17,216,117)
	Balance 30 June	**49,232,690**	**46,794,687**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Bergsig	**Nababeep**	**Steinkopf**
Rehabilitation Area (m²)	29,507	10,944	49,564
Preliminary and General (Rand)	1,751,131	631,059	1,904,525
Site Clearance and Preparation (Rand)	90,882	33,708	152,657
Storm Water Control Measures (Rand)	3,189,725	991,595	1,459,360
Capping (Rand)	6,358,846	2,341,779	10,515,936
Gas Management (Rand)	-	-	-
Leachate Management (Rand)	778,867	256,148	482,971
Fencing (Rand)	2,089,757	884,336	992,823
Other (Rand)	1,012,611	1,081,228	1,089,474
Contingencies (Rand)	1,425,921	513,862	1,550,827
Engineering: Professional Fees (Rand)	1,176,385	423,936	1,279,432
Site Supervision - Engineer's Representative (Rand)	348,050	180,956	557,330
Site Supervision - Environmental Officer & OHS Agent (Rand)	173,907	98,005	264,878

	Komaggas	**Concordia**	**Bulletrap**
Rehabilitation Area (m²)	7,167	7,256	5,612
Preliminary and General (Rand)	465,835	479,534	358,170
Site Clearance and Preparation (Rand)	22,074	22,348	17,285
Storm Water Control Measures (Rand)	762,158	843,328	515,172
Capping (Rand)	1,537,523	1,571,604	1,201,064
Gas Management (Rand)	-	-	-
Leachate Management (Rand)	265,949	237,947	188,475
Fencing (Rand)	739,685	750,017	636,363
Other (Rand)	956,360	946,142	1,083,227
Contingencies (Rand)	379,322	390,478	291,653
Engineering: Professional Fees (Rand)	312,941	322,144	240,614
Site Supervision - Engineer's Representative (Rand)	197,678	184,574	162,974
Site Supervision - Environmental Officer & OHS Agent (Rand)	124,217	107,674	116,073

	Rooiwal	**Vioolsdrift**	**Springbok**
Rehabilitation Area (m²)	1,596	13,855	8,135
Preliminary and General (Rand)	183,742	804,308	449,001
Site Clearance and Preparation (Rand)	4,916	42,673	25,056
Storm Water Control Measures (Rand)	283,064	1,085,026	549,393
Capping (Rand)	511,952	3,014,501	1,735,135
Gas Management (Rand)	3,288	-	-
Leachate Management (Rand)	115,668	367,226	199,209
Fencing (Rand)	393,557	1,235,630	698,356
Other (Rand)	933,269	965,023	1,012,611
Contingencies (Rand)	149,619	654,936	365,615
Engineering: Professional Fees (Rand)	123,435	540,323	301,632
Site Supervision - Engineer's Representative (Rand)	156,166	266,652	198,203
Site Supervision - Environmental Officer & OHS Agent (Rand)	112,482	165,551	119,561

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. The estimate cost and date of decommission of the sites are as follows:

Location	Estimated decommission date	2019 R	2018 R
Bergsig	2023	22,539,974	11,359,552
Nababeep	2033	15,141,654	4,135,889
Steinkopf	2042	65,124,004	9,615,585
Komaggas	2019	5,763,743	5,813,380
Concordia	2033	11,922,953	2,587,588
Bulletrap	2019	4,811,069	1,853,654
Rooiwal	2019	2,971,158	6,725,007
Vioolsdrift	2019	9,141,848	2,323,359
Springbok	2019	5,653,774	2,106,911
		143,070,177	**46,520,924**

14. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	17,144,338	19,055,675
Provision for Long Service Awards	6,284,246	4,683,140
Total Non-current Employee Benefits	**23,428,584**	**23,738,815**

Post Retirement Health Care Benefits

Balance 1 July	19,429,585	17,896,191
Contribution for the year	2,797,920	2,720,368
Expenditure for the year	(342,563)	(189,913)
Actuarial Loss/(Gain)	(4,373,213)	(997,061)
Total provision 30 June	**17,511,729**	**19,429,585**
Less: Transfer of Current Portion to Current Provisions - Note 17	(367,391)	(373,910)
Balance 30 June	**17,144,338**	**19,055,675**

Long Service Awards

Balance 1 July	5,272,877	5,262,103
Contribution for the year	2,395,046	816,322
Expenditure for the year	(270,754)	(431,467)
Actuarial Loss/(Gain)	(185,616)	(374,081)
Total provision 30 June	**7,211,553**	**5,272,877**
Less: Transfer of Current Portion to Current Provisions - Note 17	(927,307)	(589,737)
Balance 30 June	**6,284,246**	**4,683,140**

14.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	82	82
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	8	9
Total Members	**90**	**91**

The liability in respect of past service has been estimated to be as follows:

In-service (employee) members	12,240,889	14,386,810
In-service non-members	-	-
Continuation (retiree and widow) members	5,270,840	5,042,775
Total Liability	**17,511,729**	**19,429,585**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health
Key Health, and
SAMWU Med

The Current-service Cost for the ensuing year is estimated to be R584 700, whereas the Interest Cost for the next year is estimated to be R1 676 000.

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	9.67%	9.77%
Health Care Cost Inflation Rate	7.06%	7.52%
Net Discount Rate	2.44%	2.09%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 62 years.

iv) Expected rate of salary increases

2019/2020 - CPI + 1,5%

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	17,511,729	19,429,585
Fair value of plan assets	-	-
	17,511,729	19,429,585
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability	**17,511,729**	**19,429,585**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	19,429,585	17,896,191
Total expenses	2,455,357	2,488,097
Current service cost	917,489	948,938
Interest Cost	1,880,431	1,771,430
Benefits Paid	(342,563)	(232,271)
Actuarial (gains)/losses	(4,373,213)	(954,703)
Present value of fund obligation at the end of the year	17,511,729	19,429,585

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	12.241	5.271	17.512

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation rate	+1%	14.623	5.931	20.554	17.00%
Health care inflation rate	-1%	10.344	4.725	15.069	-14.00%
Discount rate	+1%	10.400	4.741	15.141	-14.00%
Discount rate	-1%	14.583	5.920	20.503	17.00%
Post-retirement mortality	-1 year	12.613	5.435	18.048	3.00%
Average retirement age	-1 year	13.164	5.271	18.435	5.00%
Continuation of membership at retirement	-10%	10.609	5.271	15.880	-9.00%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	584,700	1,676,000	2,260,700

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation rate	+1%	723,300	1,970,100	2,693,400	19.00%
Health care inflation rate	-1%	477,200	1,439,900	1,917,100	15.00%
Post-employment mortality	-1 year	602,000	1,727,900	2,329,900	3.00%
Average retirement age	-1 year	554,700	1,765,300	2,320,000	3.00%
Continuation of membership at retirement	-10%	506,700	1,518,200	2,024,900	-10.00%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(0.430)	0.757
Assets: Gain / (loss)	–	–

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	2.848	(1.593)	(1.085)
Assets: Gain / (loss)	–	–	–

	2019 R	2018 R
14.2 Provision for Long Service Bonuses		

The Long Service Bonus plans are defined benefit plans. As at year end, 239 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R549 200 whereas the Interest Cost for the next year is estimated to be R542 600.

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	8.03%	8.49%
General earnings inflation rate (long-term)	5.47%	6.12%
Net effective discount rate	2.43%	2.23%

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	7,211,553	5,272,877
Fair value of plan assets	-	-
	7,211,553	5,272,877
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**7,211,553**	**5,272,877**

	2019 R	2018 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	5,272,877	5,262,103
Total expenses	2,124,292	314,310
Current service cost	398,847	414,604
Change in Earning Definition	1,573,056	-
Interest Cost	423,143	401,718
Benefits Paid	(270,754)	(502,012)
Actuarial (gains)/losses	(185,616)	(303,536)
Present value of fund obligation at the end of the year	**7,211,553**	**5,272,877**

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		7.212	
General earnings inflation rate	+1%	7.622	6.00%
General earnings inflation rate	-1%	6.836	-5.00%
Average retirement age	-2 yrs	6.390	-11.00%
Average retirement age	2 yrs	7.836	9.00%
Withdrawal rates	-50%	8.070	12.00%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	549,200	542,600	1,091,800

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General earnings inflation rate	+1%	586,400	575,500	1,161,900	6%
General earnings inflation rate	-1%	515,400	512,400	1,027,800	-6%
Discount rate	+1%	518,600	574,500	1,093,100	0%
Discount rate	-1%	583,400	505,900	1,089,300	0%
Post-retirement mortality	-1 year	499,800	478,600	978,400	-10%
Average retirement age	-1 year	596,800	591,200	1,188,000	9%
Withdrawal Rate	-50%	634,700	611,500	1,246,200	14%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.167	(0.244)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	0.254	0.385	(0.422)
Assets: Gain / (loss)	-	-	-

14.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103,7% (30 June 2017 - 102,6%).

	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance	31,665	29,111

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund	377,750	364,193
Consolidated Retirement Fund	1,716,323	1,610,637
Umbrella Pension Fund	682,672	632,683
SAMWU National Provident Fund	5,378,640	5,278,116
	8,155,385	7,885,629

15. CONSUMER DEPOSITS

Electricity	1,506,791	1,466,353
Rental Properties	9,175	9,175
Water	1,775,335	1,648,862
Library Books	3,072	1,839
Total Consumer Deposits	**3,294,373**	**3,126,230**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding amount.

		2019 R	2018 R
16.	**PROVISIONS**		
	Current Portion of Rehabilitation of Landfill Sites - Note 13	31,047,598	29,510,121
	Previously stated	-	12,294,004
	Correction of Error - Note 46.7	-	17,216,117
	Total Provisions	31,047,598	29,510,121
	The movement in current provisions are reconciled as follows:		
16.1	***Rehabilitation of Landfill Sites***		
	Balance at beginning of year	29,510,121	9,169,630
	Correction of Error - Note 46.7	-	17,216,117
	Contribution to provision	1,537,477	3,124,374
	Expenditure incurred	-	-
	Balance at end of year	**31,047,598**	**29,510,121**
17.	**CURRENT EMPLOYEE BENEFITS**		
	Staff Bonuses	1,899,069	1,803,182
	Staff Leave	6,047,101	5,691,804
	Shortfall in Cape Joint Pension Fund	302,338	302,338
	Current Portion of Non-Current Provisions	1,294,698	963,647
	Current Portion of Post Retirement Benefits - Note 14	367,391	373,910
	Current Portion of Long-Service Provisions - Note 14	927,307	589,737
	Total Provisions	**9,543,206**	**8,760,970**
	The movement in current provisions are reconciled as follows:		
17.1	***Staff Bonuses***		
	Balance at beginning of year	1,803,182	1,695,990
	Contribution to current portion	4,180,692	4,068,063
	Previously stated	-	4,044,705
	Correction of Error - Note 46.8	-	23,358
	Expenditure incurred	(4,084,805)	(3,960,871)
	Balance at end of year	**1,899,069**	**1,803,182**
	Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
17.2	***Staff Leave***		
	Balance at beginning of year	5,691,804	5,083,541
	Contribution to current portion	1,399,425	1,708,621
	Previously stated	-	1,790,568
	Correction of Error - Note 46.8	-	(81,946)
	Expenditure incurred	(1,044,128)	(1,100,359)
	Balance at end of year	**6,047,101**	**5,691,804**
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		

		2019 R	2018 R
17.3	***Shortfall in Cape Joint Pension Fund***		
	Balance at beginning of year	302,338	302,338
	Contribution to current portion	-	-
	Balance at end of year	**302,338**	**302,338**

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision is made for the pro-rata portion owed by the Municipality.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 14 to the Financial Statements.

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	264,196,016	207,933,413
Previously stated	-	207,289,217
Correction of Error - Note 46.9	-	(129,118)
Correction of Error - Note 46.9		357,225
Correction of Error - Note 46.9		407,561
Correction of Error - Note 46.9		8,527
Control, Clearing and Interface Accounts	14,950,338	3,927,965
Other Payables	2,243,105	7,261,269
Previously stated	-	6,560,572
Correction of Error - Note 46.9	-	700,697
Retentions	2,033,273	1,716,601
Previously stated	-	2,021,983
Correction of Error - Note 46.9	-	129,118
Correction of Error - Note 46.9	-	(434,499)
Total Trade Payables	**283,422,732**	**220,839,248**

Payables are being recognised net of any discounts.

Payables are paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

19. UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies	12,727,195	13,402,799
National Government Grants	7,254,391	7,252,899
Provincial Government Grants	5,432,442	6,109,538
District Municipality	-	-
Other Sources	40,362	40,362
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	**12,727,195**	**13,402,799**

See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work-in-progress on the relevant financial year-ends.

		2019 R	2018 R
20.	**TAXES**		
20.1	VAT Payable	(15,039,107)	731,663
	VAT Output in Suspense	-	-
	Total VAT Payable	**(15,039,107)**	**731,663**
20.2	VAT Receivable	771,021	(11,864,835)
	VAT Input in Suspense	34,320,632	24,090,245
	Total VAT Receivable	**35,091,654**	**12,225,409**
20.3	**Net VAT (Payable)/Receivable**	**20,052,547**	**12,957,073**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

21. SHORT-TERM BORROWINGS

The Municipality has no short term borrowings.

22. NET ASSET RESERVES

RESERVES	-	(0)
Capital Replacement Reserve	-	(0)
Total Net Asset Reserve and Liabilities	**-**	**(0)**

23. PROPERTY RATES

Actual		
Rateable Land and Buildings	50,641,127	48,958,749
Business and Commercial Property	11,289,224	11,074,860
Communal Land	-	2,641,923
Farm Properties	634,206	603,579
Industrial Property	2,470,350	13,387
Mining Properties	333,425	-
Municipal Properties	14,726	11,655
Public Benefit Organisations	3,276	3,668,614
Residential Properties	30,250,735	28,288,840
Small Holdings	-	361,290
State-owned Properties	5,538,248	2,193,103
Agricultural Property	106,936	101,499
Less: Revenue Forgone	(3,170,366)	(3,793,134)
Total Property Rates	**47,470,760**	**45,165,614**

	2019 R	2018 R
Valuations - 1 July 2018		
Rateable Land and Buildings	2,878,707,300	2,911,492,800
Business and Commercial Property	431,561,000	736,732,000
Farm Properties	50,126,500	-
Industrial Property	94,465,000	-
Mining Properties	12,539,500	-
Municipal Properties	2,520,000	2,387,500
Residential Properties	1,587,362,300	1,609,098,300
State-owned Properties	213,091,500	-
Agricultural Property	467,243,000	538,197,500
Other Categories	19,798,500	25,077,500
Less: **Revenue Forgone**		
Total Assessment Rates	**2,878,707,300**	**2,911,492,800**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate		
Residential	0,01888 c/R	0,017930 c/R
Commercial and Industrial	0,02599 c/R	0,024680 c/R
Agricultural	0,00081 c/R	0,000770 c/R

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential -	The first R15 000 on the valuation is exempted.
Indigents -	10%
Pensioners -	20%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

24. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and Subsidies - Operating	47,547,411	44,765,962
Equitable Share	43,917,000	40,403,000
Expanded Public Works Programme Integrated Grant	-	1,000,000
Local Government Financial Management Grant	2,215,000	2,145,000
Municipal Infrastructure Grant	242,209	-
Libraries, Archives and Museums	900,751	1,217,962
Water Services Infrastructure Grant	272,452	-
Government Grants and Subsidies - Capital	31,422,839	24,821,101
Integrated National Electrification Programme Grant	6,143,694	5,283,476
Municipal Infrastructure Grant	9,390,489	14,774,000
Expanded Public Works Programme Integrated Grant	999,532	-
Municipal Disaster Recovery Grant	10,442,459	-
Water Services Infrastructure Grant	4,446,664	4,763,625
Total Government Grants and Subsidies	**78,970,250**	**69,587,063**

	2019 R	2018 R
Included in above are the following grants and subsidies received:		
Unconditional	43,917,000	40,403,000
Equitable Share	43,917,000	40,403,000
Conditional	35,053,250	29,184,063
Expanded Public Works Programme Integrated Grant	999,532	1,000,000
Local Government Financial Management Grant	2,215,000	2,145,000
Libraries, Archives and Museums	900,751	1,217,962
Municipal Disaster Recovery Grant	10,442,459	-
Integrated National Electrification Programme Grant	6,143,694	5,283,476
Municipal Infrastructure Grant	9,632,698	14,774,000
Water Services Infrastructure Grant	4,719,116	4,763,625
Total Government Grants and Subsidies	**78,970,250**	**69,587,063**
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	43,917,000	40,403,000
Executive and Council	999,532	-
Finance and Administration	2,215,000	2,145,000
Community and Social Services	900,751	1,217,962
Road Transport	-	1,000,000
Energy Sources	6,143,694	5,283,476
Water Management	15,161,575	4,763,625
Waste Water Management	9,632,698	14,774,000
Total Government Grants and Subsidies	**78,970,250**	**69,587,063**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

24.1 Equitable Share

Opening balance	-	-
Correction of Error	-	-
Grants received	43,917,000	40,403,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(43,917,000)	(40,403,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

		2019 R	2018 R
24.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	2,215,000	2,145,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(2,215,000)	(2,145,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

24.3	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	11,497,000	14,774,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(242,209)	-
	Conditions met - Capital	(9,390,489)	(14,774,000)
	Conditions still to be met	1,864,302	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

24.4	**Integrated National Electrification Grant**		
	Opening balance	7,016,524	-
	Correction of Error	-	-
	Grants received	4,000,000	12,300,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(6,143,694)	(5,283,476)
	Conditions still to be met	4,872,830	7,016,524

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

24.5	**Library Grant**		
	Opening balance	105,751	473,713
	Correction of Error	-	-
	Grants received	795,000	850,000
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(900,751)	(1,217,962)
	Conditions met - Capital	-	-
	Conditions still to be met	-	105,751

The grant was used to finance library activities.

24.6	**Expanded Public Works Programme (EPWP)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	1,000,000	1,000,000
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(1,000,000)
	Conditions met - Capital	(999,532)	-
	Conditions still to be met	468	-

The grant was used for job creation.

		2019 R	2018 R
24.7	**Wade Project**		
	Opening balance	40,362	40,362
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	40,362	40,362

The grant was used for water infrastructure projects in the Buffelsriver.

24.8	**Department of Water Affairs (WSACDBP)**		
	Opening balance	510,747	510,747
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	510,747	510,747

The grant was allocated for the refurbishment of water infrastructure.

24.9	**LG Seta**		
	Opening balance	88,138	1,807
	Correction of Error	-	-
	Grants received	82,645	86,331
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	170,784	88,138

The grant was allocated for skills development.

24.10	**Department Sport, Arts and Culture**		
	Opening balance	308,500	308,500
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	308,500	308,500

The grant was received for the building and maintenance of sport fields in the district.

24.11	**Swimming Pool**		
	Opening balance	450,000	450,000
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	450,000	450,000

The grant was received for the building of a swimming pool in the district.

		2019 R	2018 R
24.12	**World Cup 2010**		
	Opening balance	52,139	52,139
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	52,139	52,139

The grant was allocated for activities of the 2010 Soccer World Cup.

24.13	**Fire Equipment**		
	Opening balance	52,264	52,264
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	52,264	52,264

The grant was allocated for the maintenance and upgrade of fire equipment in the area of the municipality.

24.14	**Water Services Infrastructure Grant**		
	Opening balance	236,375	-
	Correction of Error	-	-
	Grants received	5,000,000	5,000,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(272,452)	-
	Conditions met - Capital	(4,446,664)	(4,763,625)
	Conditions still to be met	517,259	236,375

The grant was used for water infrastructure projects.

24.15	**Drought Relief**		
	Opening balance	4,542,000	-
	Correction of Error	-	-
	Grants received	9,788,000	4,542,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(10,442,459)	-
	Conditions still to be met	3,887,541	4,542,000

The grant was used for water infrastructure projects.

24.16	**Total Grants**		
	Opening balance	13,402,800	1,889,532
	Correction of Error	-	-
	Grants received	78,294,645	81,100,331
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(47,547,411)	(44,765,962)
	Conditions met - Capital	(31,422,839)	(24,821,101)
	Conditions still to be met/(Grant expenditure to be recovered)	12,727,195	13,402,800
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	12,727,195	13,402,800
	Unpaid Conditional Government Grants and Receipts	-	-
	Total	**12,727,195**	**13,402,800**

		2019 R	2018 R
25.	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Donations	-	-
	Total Public Contributions and Donations	**-**	**-**
26.	**LICENCES AND PERMITS**		
	Game	107,139	-
	Trading	66,923	96,606
	Road and Transport	1,199,823	1,208,678
	Total Licences and Permits	**1,373,885**	**1,305,284**
	Disclosed as follows:		
	Revenue from Non-Exchange Transactions	1,373,885	1,305,284
	Revenue from Exchange Transactions	-	-
	Total Licences and Permits	**1,373,885**	**1,305,284**
27.	**SERVICE CHARGES**		
	Electricity	**80,125,424**	**73,228,623**
	Service Charges	80,465,011	73,981,268
	Less: Revenue Forgone	(339,588)	(752,646)
	Water	**29,306,528**	**26,995,253**
	Service Charges	34,205,517	31,466,192
	Less: Revenue Forgone	(4,898,989)	(4,470,939)
	Waste Management	**13,080,423**	**12,467,941**
	Service Charges	19,844,950	18,568,721
	Less: Revenue Forgone	(6,764,528)	(6,100,781)
	Waste Water Management	**11,055,479**	**10,584,590**
	Service Charges	15,877,327	14,883,548
	Less: Revenue Forgone	(4,821,848)	(4,298,959)
	Total Service Charges	**133,567,854**	**123,276,406**
	Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
28.	**SALES OF GOODS AND RENDERING OF SERVICES**		
	Application Fees for Land Usage	-	7,633
	Building Plan Approval	352,092	292,221
	Camping Fees	41,487	29,684
	Cemetery and Burial	46,410	41,237
	Fire Services	808	608
	Membership Fees	29,008	30,361
	Parking Fees	16,860	17,430
	Photocopies and Faxes	14,398	14,557
	Removal of Restrictions	7,539	12,902
	Sale of Goods	48,402	50,346
	Streets/Street Markets (Informal Traders)	12,957	-
	Valuation Services	47,451	49,948
	Total Sales of Goods and Rendering of Services	**617,410**	**546,928**
29.	**RENT ON LAND**		
	Land	894,005	968,579
	Grazing Fees	894,005	968,579
	Total Rent on Land	**894,005**	**968,579**

		2019 R	2018 R
30.	**RENTAL FROM FIXED ASSETS**		
	Investment Property	288,656	433,830
	Property, Plant and Equipment	1,969,914	1,286,739
	Total Rental from Fixed Assets	**2,258,569**	**1,720,569**
31.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	648,238	431,673
	Financial assets	1,129,914	925,725
	Total Interest Earned - External Investments	**1,778,151**	**1,357,398**
32.	**INTEREST EARNED - EXCHANGE TRANSACTIONS**		
	Trade Receivables	8,364,113	6,559,589
	Total Interest Earned - Outstanding Receivables	**8,364,113**	**6,559,589**
33.	**OPERATIONAL REVENUE**		
	Administrative Handling Fees	26,777	13,843
	Commission	48,130	46,921
	Insurance Refund	-	93,105
	Staff Recoveries	187,567	160,409
	Total Operational Revenue	**262,475**	**314,279**
	Disclosed as follows:		
	Revenue from Exchange Transactions	262,475	314,279
	Revenue from Non-Exchange Transactions	-	-
	Total Operational Revenue	**262,475**	**314,279**
34.	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	54,024,822	51,906,220
	Pension and UIF Contributions	8,367,968	8,110,527
	Medical Aid Contributions	2,303,834	2,344,898
	Overtime	4,476,972	4,024,865
	Bonuses	4,180,692	4,068,063
	Motor Vehicle Allowance	427,726	431,678
	Cell Phone Allowance	236,585	169,427
	Housing Allowances	3,930,430	3,891,538
	Other benefits and allowances	3,023,392	2,616,594
	Payments in lieu of leave	1,399,425	1,708,621
	Post-retirement Benefit Obligations	2,889,392	1,363,542
	Medical - Note 14.1	917,489	948,938
	Current Service Cost	917,489	948,938
	Long Service Awards - Note 14.2	1,971,903	414,604
	Total Employee Related Costs	**85,261,239**	**80,635,973**

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager		
Annual Remuneration	963,998	903,319
Benefits and Allowances	413,509	253,981
Contributions to UIF, Medical and Pension Funds	1,785	1,785
Total	**1,379,292**	**1,159,084**

	2019 R	2018 R
Remuneration of the Chief Financial Officer		
Basic Salary	-	251,999
Pension and UIF Contributions	133,376	460,825
Medical Aid Contributions	-	8,064
Total	**133,376**	**720,887**
Remuneration of Manager: Community Services		
Annual Remuneration	-	-
Benefits and Allowances	8,230	48,069
Contributions to UIF, Medical and Pension Funds	-	-
Total	**8,230**	**48,069**
Remuneration of Manager: Corporate Services		
Annual Remuneration	-	-
Benefits and Allowances	47,360	47,110
Contributions to UIF, Medical and Pension Funds	-	-
Total	**47,360**	**47,110**
Remuneration of Manager: Electrical Services		
Annual Remuneration	-	-
Benefits and Allowances	-	20,289
Contributions to UIF, Medical and Pension Funds	-	-
Total	**-**	**20,289**
Remuneration of Manager: Technical Services		
Annual Remuneration	729,914	671,047
Benefits and Allowances	298,851	238,424
Contributions to UIF, Medical and Pension Funds	159,057	147,222
Total	**1,187,822**	**1,056,693**

35. REMUNERATION OF COUNCILLORS

JE van den Heever	286,080	276,646
DA Markus	286,080	276,646
CE Gertze	286,080	276,646
R Kritzinger	286,080	276,646
S Kleinbooi	365,089	352,616
CG Coetzee	286,080	276,646
YL van Zyl	286,080	276,646
P van Reenen	286,080	276,646
GY Pieters	384,810	276,646
LF Faber	815,863	786,053
JD Owies (neè Joseph)	495,638	637,003
SCJ van Wyk	266,682	343,469
ZP de Jongh	286,080	276,646
LL Vries	286,080	276,646
SH Ruiter	286,080	276,646
WS Jordaan	365,089	352,616
GJ Coetzee	286,080	276,646
W Van Schalkwyk	60,395	-
ML Isaacs	84,702	-
Total Councillors' Remuneration	**5,985,148**	**5,791,509**

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	505,476	193,766	40,800	75,821	815,863
Speaker	407,666	128,626	63,015	66,581	665,888
Executive Committee Members	454,710	162,145	81,600	31,724	730,178
Section 79 Committee Chairperson	193,314	72,136	37,400	23,094	325,944
Councillors	2,030,887	669,748	527,185	219,454	3,447,275
Total Councillors' Remuneration	**3,592,052**	**1,226,421**	**750,001**	**416,674**	**5,985,148**

In-kind Benefits

The Councillors occupying the positions of Mayor, Speaker and certain members of the Executive Committee of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

		2019 R	2018 R
36.	**CONTRACTED SERVICES**		
	Outsourced Services	1,882,885	1,373,279
	Consultants and Professional Services	5,003,505	4,253,001
	Contractors	10,745,695	11,420,412
	Total Contracted Services	**17,632,085**	**17,046,693**
37.	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	43,048,015	42,352,110
	Intangible Assets	28,585	27,362
	Total Depreciation and Amortisation	**43,076,600**	**42,379,471**
38.	**FINANCE COSTS**		
	Long-term Borrowings	408,165	22,338
	Non-current Employee Benefits	2,303,574	2,173,148
	Payables	12,227,388	10,279,790
	Total Finance Costs	**14,939,126**	**12,475,276**
39.	**BULK PURCHASES**		
	Electricity	68,277,865	64,977,763
	Water	38,267,851	31,396,412
	Total Bulk Purchases	**106,545,716**	**96,374,175**

		2019 R	2018 R
40.	**OPERATIONAL COSTS**		
	Advertising, Publicity and Marketing	792,067	413,365
	Assets less than the Capitalisation Threshold	32,234	9,021
	Audit Fees	2,729,647	2,679,683
	Bank Charges, Facility and Card Fees	761,276	675,945
	Communication	2,214,585	2,066,797
	Contribution to Provisions	3,975,481	11,713,339
	Eskom Connection Fees	117,374	-
	Entertainment	-	1,200
	External Computer Service	4,837,748	7,812,927
	Hire Charges	1,342,960	356,690
	Indigent Relief	313,947	-
	Insurance Underwriting	492,772	576,486
	Municipal Services	1,739	-
	Printing, Publications and Books	533,183	659,832
	Professional Bodies, Membership and Subscription	1,860,332	1,649,749
	Registration Fees	393,787	582,007
	Remuneration to Ward Committees	378,500	402,759
	Road Worthy Test	327,211	272,108
	Travel and Subsistence	2,637,545	3,362,618
	Uniform and Protective Clothing	36,194	510,617
	Witness Fees	509,003	-
	Total Operational Costs	**24,287,583**	**33,745,140**
41.	**REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES**		
	Non-Current Receivables from Non-Exchange Transactions - Note 6	492,727	(2,598,974)
	Receivables from Exchange Transactions - Note 9	(23,707,763)	(16,563,123)
	Receivables from Non-exchange Revenue - Note 10	(5,724,163)	(6,141,137)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**(28,939,199)**	**(25,303,234)**
42.	**GAINS/(LOSS) ON DISPOSAL OF FIXED ASSETS**		
	Property, Plant and Equipment	(13,361)	(1,019)
	Total Gains/ (Loss) on Sale of Fixed Assets	**(13,361)**	**(1,019)**
43.	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS**		
	Investment Property	-	-
	Property, Plant and Equipment	-	-
		-	-
	Less: Allocated against Provision for Rehabilitation of Landfill-Sites - Note 13	-	-
	Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	**-**	**-**
44.	**WATER LOSSES**		
	Real Losses	-	-
	Total Water Losses	-	-

	2019 R	2018 R

45. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

Statement of Financial Position	**Balance previously reported**	**Adjustments**	**Restated Balance**
Accumulated Surplus/(Deficit)	528,908,937	-	528,908,937
Non-current Provisions	19,565,404	-	19,565,404
Non-current Employee Benefits	23,738,815	-	23,738,815
Consumer Deposits	3,126,230	-	3,126,230
Provisions	12,294,004	-	12,294,004
Current Employee Benefits	8,819,559	-	8,819,559
Trade and Other Payables from Exchange Transactions	219,799,737	-	219,799,737
Unspent Transfers and Subsidies	13,402,799	-	13,402,799
Current Portion of Long-term Borrowings	20,238	-	20,238
Property, Plant and Equipment	635,969,218	-	635,969,218
Investment Property	123,444,704	-	123,444,704
Intangible Assets	65,156	-	65,156
Heritage Assets	1,038,799	-	1,038,799
Inventory	30,986,579	-	30,986,579
Receivables from exchange transactions	6,840,503	-	6,840,503
Receivables from non-exchange transactions	4,625,073	-	4,625,073
Operating Lease Asset	46,660	-	46,660
Taxes	12,957,073	-	12,957,073
Cash and Cash Equivalents	13,674,950	-	13,674,950
Short-term Investments	27,006	-	27,006
	-	**-**	**-**

Statement of Financial Performance	**Balance previously reported**	**Adjustments**	**Restated Balance**
Property Rates	45,165,614	-	45,165,614
Government Grants and Subsidies	69,587,063	-	69,587,063
Actuarial Gains	1,371,142	-	1,371,142
Fines. Penalties and Forfeits	105,322	-	105,322
Interest Earned - Non-exchange Transactions	1,862,575	-	1,862,575
Licences and Permits	1,305,284	-	1,305,284
Service Charges	123,276,406	-	123,276,406
Sales of Goods and Rendering of Services	546,928	-	546,928
Rent on Land	968,579	-	968,579
Rental from Fixed Assets	1,719,590	-	1,719,590
Interest Earned - external investments	1,327,937	-	1,327,937
Interest Earned - Exchange Transactions	6,559,589	-	6,559,589
Agency Services	1,105,163	-	1,105,163
Operational Revenue	314,279	-	314,279
Employee related costs	(79,993,865)	-	(79,993,865)
Remuneration of Councillors	(5,791,509)	-	(5,791,509)
Contracted Services	(17,178,274)	-	(17,178,274)
Depreciation and Amortisation	(36,096,104)	-	(36,096,104)
Finance Costs	(12,118,051)	-	(12,118,051)
Bulk Purchases	(90,326,926)	-	(90,326,926)
Inventory Consumed	(7,692,408)	-	(7,692,408)
Operational Costs	(26,141,911)	-	(26,141,911)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(20,910)	-	(20,910)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(25,303,234)	-	(25,303,234)
Gains/(Loss) on Sale of Fixed Assets	(1,019)	-	(1,019)
Water Losses	(5,639,687)	-	(5,639,687)
Net Surplus/(Deficit) for the year	**(51,088,428)**	**-**	**(51,088,428)**

		2019 R	2018 R
46	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from errors in prior years:		
46.1	**Property, Plant and Equipment**		
	Balance previously reported		
	Cost	-	1,285,552,119
	Previously stated	-	1,248,701,421
	Correction of Landfill Sites Cost for 2017/2018	-	36,850,698
	Accumulated Depreciation	-	(619,015,571)
	Previously stated	-	(612,732,203)
	Correction of Landfill Sites Accumulated Depreciation for 2017/2018	-	(6,283,367)
	Restated Balance	**-**	**666,536,548**
	Retrospective correction of Landfill sites assets in line with 2019 Specialist Consulting Engineer's report.		
46.2	**Inventory**		
	Balance previously reported	-	30,986,579
	Correction of stock balances relating to periods prior to 1 July 2017	-	8,885
	Restated Balance	**-**	**30,995,464**
	Correction of Inventory balances incorrectly disclosed in prior years		
46.3	**Receivables from Exchange Transactions**		
	Balance previously reported	-	6,840,503
	Correction of electricity revenue relating OCC towns prior to 1 July 2017 - Note 9	-	1,065,165
	Restated Balance	**-**	**7,905,668**
	Correction of revenue previously recongnised on OCC towns which were billed on based on estimate readings and not actual meter readings.		
46.4	**Operating Lease Asset**		
	Balance previously reported	-	46,660
	Correction of Operating Leases not recognised in periods prior to 1 July 2017 - Note 7	-	5,721
	Correction of Operating Leases relating to 2017/2018 financial year - Note 7	-	979
	Restated Balance	**-**	**53,361**
	Lease agreements were found which were not previously included as Operating Leases. These agreements impacts both the current- as well as preceeding financial years.		
46.5	**Cash and Cash Equivalents**		
	Balance previously reported	-	13,674,950
	Correct accrued interest on bank statements not recognised in 2017/2018 - Note 11.1	-	29,461
	Reversal of stale cheques not through bank prior to 1 July 2017 - Note 11.3	-	(29,270)
	Reversal of stale cheques not through bank 2017/2018 - Note 11.3	-	(29,663)
	Correction of receipts duplicated in period prior to 1 July 2017 - Note 11.3	-	(18,977)
	Restated Balance	**-**	**13,626,501**
	Interest accrued on bank statements not recognised in prior year.		
46.6	**Non-Current Provisions**		
	Balance previously reported	-	19,565,404
	Correction of Landfill sites non-current provision recognised in prior year - Note 13	-	27,229,283
	Restated Balance	**-**	**46,794,687**
	Provision for Landfill sites were restated retropectively in line with the 2019 Specialist Consulting Engineer's report. The provision estimated based on 2018 report is insufficient to rehabilitate the landfill sites at the end their usefull lives.		

		2019 R	2018 R
46.7	**Provisions**		
	Balance previously reported	-	12,294,004
	Correction of Landfill sites current portion recognised in prior year - Note 13	-	17,216,117
	Restated Balance	**-**	**29,510,121**

Correction of current portion of Non-Current Provision for Landfill sites.

46.8	**Current Employee Benefits**		
	Balance previously reported	-	8,819,559
	Correction of 2017/2018 year provision for bonuses - Note 17.1	-	23,358
	Correction of 2017/2018 year provision for Staff Leave - Note 17.2	-	(81,946)
	Restated Balance	**-**	**8,760,970**

Correction of provision for bonuses recognised in the prior year due to the omission of two employees. Leave provision was recalculated for the 2018 financial year.

46.9	**Trade and Other Payables from Exchange Transactions**		
	Balance previously reported	-	219,799,737
	Correction of Retention recognised as Trade Payables in 2017/2018 - Note 18	-	(129,118)
	Correction of Trade Payables relating to Retention provision for 2017/2018 - Note 18	-	129,118
	Correction of Retention incorrectly recognised in 2017/2018 - Note 18	-	(131,581)
	Correction of Retention incorrectly prior to 1 July 2017 - Note 18	-	(302,918)
	Recording of Creditors Interest not recognised in 2017/2018 - Note 18	-	357,225
	Recording of Eskom electricity purchases not recognised in 2017/2018 - Note 18	-	407,561
	Recording of External Audit fees not recognised in 2017/2018 - Note 18	-	8,527
	Settlement payment to NP Mdaka not included in Other Payables in 2017/2018 - Note 18	-	700,697
	Restated Balance	**-**	**220,839,248**

Correction of Retention provision incorrectly recognised in prior years. Provision for settlement payment to former Chief Financial Officer, NP Mdaka, which was not included in 2017/2018.

		2019 R	2018 R
46.10	**Accumulated Surplus/(Deficit) - 1 July 2017**		
	Correction of stock balances relating to periods prior to 1 July 2017 - Note 46.2	-	8,885
	Correction of electricity revenue relating OCC towns prior to 1 July 2017 - Note 46.3	-	1,065,165
	Correction of Operating Leases not recognised in periods prior to 1 July 2017 - Note 46.4	-	5,721
	Correction of Retention incorrectly recognised prior to 1 July 2017 - Note 46.9	-	302,918
	Correction of receipts duplicated in period prior to 1 July 2017 - Note 46.5	-	(18,977)
	Reversal of stale cheques not through bank prior to 1 July 2017 - Note 46.5	-	(29,270)
	Total	**-**	**1,334,442**

46.11 Changes to Statement of Financial Performance

Movement on operating account as a result of errors in prior year:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		45,165,614	-	45,165,614
Surcharges and Taxes		-	-	-
Government Grants and Subsidies		69,587,063	-	69,587,063
Public Contributions and Donations		-	-	-
Contributed Property, Plant and Equipment		-	-	-
Actuarial Gains		1,371,142	-	1,371,142
Fines. Penalties and Forfeits		105,322	-	105,322
Interest Earned - Non-exchange Transactions		1,862,575	-	1,862,575
Licences and Permits from Non-Exchange Transactions		1,305,284	-	1,305,284
Service Charges		123,276,406	-	123,276,406
Sales of Goods and Rendering of Services		546,928	-	546,928
Rent on Land		968,579	-	968,579
Rental from Fixed Assets		1,719,590	979	1,720,569
Interest Earned - External Investments		1,327,937	29,461	1,357,398
Interest Earned - Exchange Transactions		6,559,589	-	6,559,589
Licences and Permits from Exchange Transactions		-	-	-
Agency Services		1,105,163	(29,663)	1,075,499
Operational Revenue		314,279	-	314,279
Total		**255,215,470**	**777**	**255,216,247**
Expenditure				
Employee related costs		(79,993,865)	(642,109)	(80,635,973)
Remuneration of Councillors		(5,791,509)	-	(5,791,509)
Bad Debts Written Off		-	-	-
Contracted Services		(17,178,274)	131,581	(17,046,693)
Depreciation and Amortisation		(36,096,104)	(6,283,367)	(42,379,471)
Actuarial Losses		-	-	-
Finance Costs		(12,118,051)	(357,225)	(12,475,276)
Bulk Purchases		(90,326,926)	(6,047,248)	(96,374,175)
Inventory Consumed		(7,692,408)	-	(7,692,408)
Operating Leases		-	-	-
Transfers and Subsidies		-	-	-
Operational Costs		(26,141,911)	(7,603,229)	(33,745,140)
Total		**(275,339,048)**	**(20,801,597)**	**(296,140,645)**
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(20,910)	-	(20,910)
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(25,303,234)	-	(25,303,234)
Gains/(Loss) on Disposal of Fixed Assets		(1,019)	-	(1,019)
Profit/(Loss) on Fair Value Adjustments		-	-	-
Water Losses		(5,639,687)	5,639,687	-
Total		**(30,964,850)**	**5,639,687**	**(25,325,163)**
Net Surplus/(Deficit) for the year		**(51,088,428)**	**(15,161,133)**	**(66,249,561)**

		2019 R	2018 R
47.	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	(50,231,352)	(66,249,561)
	Adjustments for:		
	Depreciation and Amortisation	43,047,999	37,500,439
	Loss/(Gain) on Sale of Fixed Assets	13,361	(2,011,867)
	Impairment Loss/(Reversal of Impairment Loss)	-	-
	Contributed Property, Plant and Equipment	(61,296)	-
	Government Grants and Subsidies received	78,294,645	81,100,331
	Government Grants and Subsidies recognised as revenue	(78,970,250)	(69,587,063)
	Contribution to provisions – Non-Current Provisions	(42,411)	6,131,522
	Change in Provision for Rehabilitation Cost	3,975,481	1,665,024
	Contribution from/to - Current Employee Benefits	5,580,117	-
	Contribution from/to provisions - Non-Current Employee Benefits	4,579,649	2,915,310
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	-	-
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(4,558,829)	(1,371,142)
	Contribution from/to - Current Employee Benefits		-
	Movement in accrued interest	-	-
	Contribution to provisions – Bad Debt	28,939,199	22,704,260
	Inventory Losses	388,183	-
	Operating lease income accrued	26,913	26,982
	Operating Surplus/(Deficit) before changes in working capital	30,981,408	12,824,236
	Changes in working capital	12,777,901	(1,847,934)
	Increase/(Decrease) in Provisions	-	-
	Increase/(Decrease) in Trade and Other Payables	62,702,113	22,061,852
	Increase/(Decrease) in Employee Benefits	(5,128,932)	-
	Increase/(Decrease) in Taxes	(7,095,474)	(1,504,817)
	Increase/(Decrease) in Short-term Loans	-	-
	(Increase)/Decrease in Inventory	(142,674)	150,968
	(Increase)/Decrease in Trade Receivables from Exchange Transactions	(30,162,975)	(16,184,991)
	(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(7,394,158)	(6,370,947)
	(Increase)/Decrease in Repay Arrangements	-	-
	Cash generated/(absorbed) by operations	43,759,309	10,976,302
48.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Current Accounts - Note 11	8,278,981	(2,432,766)
	Call Deposits and Investments - Note 11	20,950,492	16,057,673
	Cash on-hand	1,600	1,600
	Cash Floats - Note 11	20,000	27,000
	Total cash and cash equivalents	**29,251,073**	**13,653,507**
49.	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 48	29,251,073	13,653,507
	Less:	(12,727,195)	(13,402,799)
	Unspent Transfers and Subsidies - Note 19	(12,727,195)	(13,402,799)
	Net cash resources available for internal distribution	16,523,879	250,709
	Allocated to:		
	Capital Replacement Reserve	-	-
	Resources available for working capital requirements	**16,523,879**	**250,709**
50.	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 12	11,128,593	20,238
	Used to finance property, plant and equipment - at cost	(11,128,593)	(20,238)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management

		2019 R	2018 R

51 BUDGET INFORMATION

51.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

51.2 Statement of Financial Position

51.2.1 Current Assets

Cash

Increased cash levels due to uncompleted capital grants not spent

Call Investment Deposits

Funds not transferred to current accounts at year end

Consumer Debtors

Lower level of debt recovery than recovery than expected

Other Debtors

Lower level of debt recovery than recovery than expected

51.2.2 Non-Current Assets

Intangible Assets

Intangible asset additions included in Property, Plant and Equipment

		2019 R	2018 R
51.2.3	**Current Liabilities**		
	Borrowing		
	Finance lease inception later than expected. Capital recoupment therefore initially lower		
	Consumer Deposits		
	Increase in deposits received		
	Trade and Other Payables		
	Cumulative finance charges due to constantly growing creditors balance		
	Provisions		
	Landfill sites at or near end of useful lives		
51.2.4	**Non-Current Liabilities**		
	Borrowing		
	No repayment agreements		
	Provisions		
	Cost of rehabilitating landfill sites at the end of its useful life		
51.2.5	**Net Assets**		
	Accumulated Surplus/(Deficit)		
	Net effect of all of the above		
	Statement of Financial Performance		
51.2.6	**Revenue**		
	Service Charges - Water Revenue		
	The variance are mainly due to the municipality crediting accounts that was incorrectly read due to the shortages in staff meter readers		

Rental of Facilities and Equipment

Higher demand for rentals from Municipality

Interest Earned - External Investments

The variance are due to the municipality receiving more income from grants than what anticipated and also due to the fact the municipality did not monthly transfers from the call account to the primary account as expenditure occurred

Interest Earned - Outstanding Debtors

Debtors increasing had an impact on the interest billed

Fines

More fines issued than expected

Agency Services

Phasing out of Agency Service by Municipality

Other Revenue

Increase in sundry income

Gains on Disposal of PPE

Sale of land and stands yet to occur

Transfers Recognised - Capital

Municipality underspent on capital grants

51.2.7 Expenditure

Debt Impairment

Increased levels of outanding debtors balances

Depreciation and Asset Impairment

Finance leases depreciating over a shorter period

Other Materials

Municpaliy are expenditure cash flow constraints and expenditure is link to available cash

		2019 R	2018 R

Contracted Services

Municpaliy are expenditure cash flow constraints and expenditure is link to available cash

Other Expenditure

Municpaliy are expenditure cash flow constraints and expenditure is link to available cash

Cash Flow Statement

51.2.8 Net Cash from Operating Activities

Property Rates

Increase in indigent relief

Service Charges

Increase in indigent relief

Other Revenue

Increase in sundry income

Interest

High levels of unspent transfers

Suppliers and Employees

Lower cash levels available to pay creditors

Finance costs

Higher levels of outstanding payables balances

51.2.9 Net Cash from Investing Activities

Proceeds on disposal of PPE

Sale of land and stands yet to occur

Capital Assets

Not able to spend all grants recevied before yeard end

51.2.10 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

Increase in deposits received

Repayment of Borrowing

Finance lease inception later than expected. Capital recoupment therefore initially lower

		2019 R	2018 R
52	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
52.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	286,905,967	254,578,098
	Unauthorised expenditure current year - operational	155,749,612	32,327,869
	Unauthorised expenditure current year - capital	1,342,343	-
	Approved by Council or condoned	-	-
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	**443,997,921**	**286,905,967**

Unauthorised expenditure can be summarised as follow:

Incident		**Disciplinary steps/criminal proceedings**		
Over expenditure of approved operating budget - Prior to 1 July 2017		*None*	233,144,124	233,144,124
Over expenditure of approved operating budget - 2017		*None*	21,433,974	21,433,974
Over expenditure of approved operating budget - 2018		*None*	32,327,869	32,327,869
Over expenditure of approved operating budget - 2019		*None*	157,091,955	-
			443,997,921	286,905,967

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
Unauthorised expenditure current year - operating				
Municipal Manager	20,981,496	14,030,305	6,951,191	6,951,191
Financial Services	65,949,824	24,128,357	41,821,467	41,821,467
Corporate Services	25,533,107	18,723,380	6,809,727	6,809,727
Community Services: Community Development	21,284,911	12,710,185	8,574,726	8,574,726
Community Services: Public Safety	8,382,526	5,721,855	2,660,671	2,660,671
Electrical Engineering Services	87,403,034	52,452,317	34,950,717	34,950,717
Infrastructure, Engineering & Technical Services	103,929,066	49,947,952	53,981,114	53,981,114
	333,463,963	177,714,351	155,749,612	155,749,612
Unauthorised expenditure current year - capital				
Municipal Manager	-	13,109,614	(13,109,614)	-
Financial Services	-	-	-	-
Corporate Services	217,075	1,739,574	(1,522,499)	-
Community Services: Community Development	-	595,000	(595,000)	-
Community Services: Public Safety	-	-	-	-
Electrical Engineering Services	5,342,343	4,000,000	1,342,343	1,342,343
Infrastructure, Engineering & Technical Services	21,789,376	33,734,000	(11,944,624)	-
	27,348,793	53,178,188	(25,829,395)	1,342,343

		2019 R	2018 R
52.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	34,009,964	21,422,977
	Correction of prior period error	-	-
	Restated opening balance	34,009,964	21,422,977
	Fruitless and wasteful expenditure current year	10,166,226	12,586,987
	Condoned or written off by Council	(23,831,651)	-
	Current	(6,854,491)	-
	Prior Period	(16,977,160)	-
	Transfer to receivables for recovery - not condoned	-	-
	Current	-	-
	Prior Period	-	-
	Fruitless and wasteful expenditure awaiting condonement	**20,344,540**	**34,009,964**

Fruitless and wasteful expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Creditors Interest Paid Prior to 1 July		*None*	17,032,803	21,422,977
SA Post Office Interest Paid		*None*	7,125	4,897
MH Office Machines Interest Paid		*None*	-	212
Eskom Penalties Paid		*None*	3,304,611	12,556,316
Auditor General Interest Paid		*None*	-	15,024
Namaqua Gas Interest Paid		*None*	-	910
Telkom Interest Paid		*None*	-	5,913
G&C Petrol Interest Paid		*None*	-	3,654
Namandla Steel Interest Paid		*None*	-	61
			20,344,540	34,009,964

		2019 R	2018 R
52.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	197,501,801	193,754,859
	Irregular expenditure current year	3,591,697	3,746,942
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Current	-	-
	Prior Period	-	-
	Condonement supported by council	(42,183,143)	-
	Current	(3,591,696)	-
	Prior Period	(38,591,447)	-
	Transfer to receivables for recovery - not condoned	-	-
	Current	-	-
	Prior Period	-	-
	Irregular expenditure awaiting further action	**158,910,355**	**197,501,801**

Irregular expenditure can be summarised as follow:

Incident		**Disciplinary steps/criminal proceedings**		
Irregular expenditure Prior to 1 July 2017		*None*	158,910,355	166,690,920
Supplier in service of the state		*None*	-	46,208
Payments made to supplier exceeding contract amount		*None*	-	3,599,327
Expenditure contrary to SCM processes - No bid price with tender		*None*	-	7,177,831
Contract ammended contrary to section 116 of MFMA		*None*	-	100,000
Payments not approved by a delegated official		*None*	-	19,887,515
			158,910,355	197,501,801

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any funds.

Further instances of Irregular Expenditure that might have resulted from non-compliance with the supply chain management processes are under investigation to determine the full extent of the amount. These expenditure can be summarised as follows:

Incident		Disciplinary steps/criminal proceedings	2019 R	2018 R
Payments made to supplier exceeding contract amount		*None*	-	3,770,451
No declaration of local production and content		*None*	-	61,748
Expenditure contrary to SCM Processes		*None*	1,239,039	1,709,543
CIDB grading lower than advertised requirements		*None*	-	2,238,826
Lowest quotation not used		*None*	-	8,071
			1,239,039	7,788,638

53. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

53.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	1,092,910	995,840
Council subscriptions	936,450	875,510
Amount paid - current year	(250,000)	-
Amount paid - previous years	(1,092,910)	(778,440)
Balance unpaid (included in creditors)	**686,450**	**1,092,910**

53.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	1,098,483	978,632
Correction of prior period error	-	31,910
Restated opening balance	1,098,483	1,010,542
Current year audit fee	3,243,705	3,079,304
External Audit - Auditor-General	3,243,705	3,079,304
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(1,231,176)	(1,980,821)
Amount paid - previous year	(1,098,483)	(1,010,542)
Balance unpaid (included in creditors)	**2,012,529**	**1,098,483**

53.3 VAT - [MFMA 125 (1)(c)]

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

53.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	1,237,838	948,829
Correction of prior period error	-	5,423
Restated opening balance	1,237,838	954,252
Current year payroll deductions	13,394,489	12,462,495
Amount paid - current year	(12,257,598)	(11,224,657)
Amount paid - previous year	(1,237,837)	(954,252)
Balance unpaid (included in creditors)	**1,136,892**	**1,237,838**

53.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	1,362,630	974,586
Current year payroll deductions and Council Contributions	17,027,310	16,598,251
Amount paid - current year	(15,610,209)	(15,235,621)
Amount paid - previous year	(1,362,630)	(974,586)
Balance unpaid (included in creditors)	**1,417,101**	**1,362,630**

		2019 R	2018 R

53.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:

	Less than 90 days	More than 90 days
WS Jordaan	2,233	-
SH Ruiter	3,544	48,582
DA Markus	2,558	919
SJC van Wyk	4,509	-

53.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

30 June 2019

			Type of Deviation		
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	745,200	111,904	-	289,588	343,708
August	969,250	9,343	-	535,076	424,830
September	1,464,456	406,685	-	676,678	381,094
October	1,018,917	62,629	-	526,397	429,891
November	1,105,256	18,626	-	458,972	627,658
December	813,235	5,212	-	459,863	348,160
January	811,573	61,358	-	540,743	209,472
February	1,443,009	194,063	-	537,310	711,637
March	826,036	25,879	-	697,732	102,426
April	827,220	35,394	-	645,307	146,519
May	1,022,012	2,800	-	558,302	460,911
June	1,524,442	161,705	-	792,782	569,955
	12,570,605	1,095,597	-	6,718,749	4,756,260

30 June 2018

			Type of Deviation		
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	310,641	-	-	231,510	79,131
August	1,301,513	70,191	-	415,022	816,301
September	1,455,163	197,109	-	389,136	868,918
October	796,793	6,441	-	521,533	268,819
November	1,076,097	10,474	-	578,246	487,377
December	968,977	5,620	-	426,952	536,405
January	643,097	32,299	-	220,898	389,900
February	1,247,230	273,163	-	563,561	410,506
March	622,131	12,857	-	588,197	21,077
April	929,628	31,147	-	259,760	638,721
May	1,229,649	81,758	-	538,128	609,912
June	1,343,173	6,312	-	481,806	855,054
	11,924,092	727,371	-	5,214,748	5,982,123

53.8 Broad-Based Black Economic Empowerment Act

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

		2019 R	2018 R
53.9	**Material losses**		
	Electricity distribution losses		
	Units purchased (Kwh)	58,786,512	60,643,720
	Units lost during distribution (Kwh)	8,368,555	8,795,168
	Percentage lost during distribution	14.24%	14.50%
	Distribution loss (Rand Value)	5,172,761	5,002,823

Electricity losses are due to electricity theft on pre-paid meters and illegal connections.

	Water distribution losses		
	Units purchased (Ml)	2,253,641	1,974,646
	Units lost during distribution (Ml)	612,468	355,144
	Percentage lost during distribution	27.18%	17.99%
	Distribution loss (Rand Value)	10,405,831	5,639,687

Normal pipe bursts and field leakages are responsible for water losses.

54. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.
The potential impact on the entity's surplus/(deficit) for the year due to
changes in interest rates were as follow:

1% (2018: 1%) Increase in interest rates	(129,737)	(159,325)
1% (2018: 1%) Decrease in interest rates	129,737	159,325

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 9 and 10 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 6 for balances included in receivables that were re-negotiated for the period under review.

	2019 %	2019 R	2018 %	2018 R
Non-Current Receivables				
Repay Arrangements	100.00%	3,908,976	100.00%	4,401,704
Non-exchange Receivables				
Rates	100.00%	37,943,971	100.00%	31,285,569
	100.00%	37,943,971	100.00%	31,285,569
Exchange Receivables				
Electricity	35.50%	52,058,839	33.43%	37,710,639
Water	31.81%	46,651,651	33.63%	37,938,142
Property Rentals	2.01%	2,947,541	2.26%	2,555,022
Waste Management	17.73%	26,005,304	18.75%	21,156,747
Waste Water Management	8.52%	12,497,832	9.04%	10,194,929
Housing Selling Scheme	0.00%	-	0.00%	-
Water and Sanitation Service Authority	0.00%	-	0.00%	-
Abeyance	0.00%	-	0.00%	-
Other	4.42%	6,481,511	2.88%	3,253,551
	100.00%	146,642,677	100.00%	112,809,031

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in notes 9 and 10 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
Non-Current Receivables				
Repay Arrangements	2.29%	3,908,976	3.18%	4,401,704
Non-exchange Receivables				
Rates	20.45%	34,984,483	21.12%	29,260,320
Exchange Receivables				
Services	77.26%	132,167,292	75.71%	104,903,362
	100.00%	171,060,751	100.00%	138,565,387

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2019		
1 month past due	4,513,313	1,364,830
2+ months past due	9,962,072	1,594,658
	14,475,385	2,959,488
2018		
1 month past due	3,586,965	1,339,130
2+ months past due	4,318,703	686,118
	7,905,668	2,025,248

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	3,908,976	4,401,704
Non-Current Receivables from Non-Exchange Transactions	-	-
Receivables from exchange transactions	146,642,677	112,809,031
Receivables from non-exchange transactions	41,279,551	33,885,393
Cash and Cash Equivalents	29,202,467	16,030,667
	221,033,671	167,126,795

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2019				
Long-term Liabilities	3,639,734	7,488,858	-	-
Trade and Other Payables	283,422,732	-	-	-
	287,062,466	7,488,858	-	-

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2018				
Long-term Liabilities	20,491	-	-	-
Trade and Other Payables	220,839,248	-	-	-
	220,859,739	-	-	-

			2019 R	2018 R
55.	**FINANCIAL INSTRUMENTS**			

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

55.1	**Financial Assets**	**Classification**		
	Non-Current Receivables			
	Receivables with repay arrangements	Financial Instruments at amortised cost	3,908,976	4,401,704
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	52,058,839	37,710,639
	Water	Financial Instruments at amortised cost	46,651,651	37,938,142
	Property Rentals	Financial Instruments at amortised cost	2,947,541	2,555,022
	Waste Management	Financial Instruments at amortised cost	26,005,304	21,156,747
	Waste Water Management	Financial Instruments at amortised cost	12,497,832	10,194,929
	Housing Selling Scheme	Financial Instruments at amortised cost	-	-
	Water and Sanitation Service Authority	Financial Instruments at amortised cost	-	-
	Abeyance	Financial Instruments at amortised cost	-	-
	Other Arrears	Financial Instruments at amortised cost	6,481,511	3,253,551
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	8,278,981	-
	Call Deposits	Financial Instruments at amortised cost	20,923,486	16,030,667
	Total Financial Assets		**179,754,120**	**133,241,402**

		2019 R	2018 R
Financial Instruments at amortised cost:			
Investments	Fixed Deposits	-	-
Long-term Receivables	Receivables with repay arrangements	3,908,976	4,401,704
Long-term Receivables	Sport Club Loans	-	-
Long-term Receivables	Housing Loans	-	-
Receivables from Exchange Transactions	Electricity	52,058,839	37,710,639
Receivables from Exchange Transactions	Water	46,651,651	37,938,142
Receivables from Exchange Transactions	Property Rentals	2,947,541	2,555,022
Receivables from Exchange Transactions	Waste Management	26,005,304	21,156,747
Receivables from Exchange Transactions	Waste Water Management	12,497,832	10,194,929
Receivables from Exchange Transactions	Housing Selling Scheme	-	-
Receivables from Exchange Transactions	Water and Sanitation Service Authority	-	-
Receivables from Exchange Transactions	Abeyance	-	-
Receivables from Exchange Transactions	Other Arrears	6,481,511	3,253,551
Cash and Cash Equivalents	Bank Balances	8,278,981	-
Cash and Cash Equivalents	Call Deposits	20,923,486	16,030,667
		179,754,120	133,241,402
Total Financial Assets		**179,754,120**	**133,241,402**

55.2 Financial Liabilities — **Classification**

Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	11,128,593	20,238
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	264,196,016	207,933,413
Accrued Interest	Financial Instruments at amortised cost	-	-
Advance Payments	Financial Instruments at amortised cost	-	-
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	14,950,338	3,927,965
Other Payables	Financial Instruments at amortised cost	2,243,105	7,261,269
Retentions	Financial Instruments at amortised cost	2,033,273	1,716,601
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	2,432,766
		294,551,325	223,292,252

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	-	-
Long-term Liabilities	Local Registered Stock	-	-
Long-term Liabilities	Government Loans	-	-
Long-term Liabilities	Capitalised Lease Liability	11,128,593	20,238
Trade and Other Payables	Trade Payables	264,196,016	207,933,413
Trade and Other Payables	Accrued Interest	-	-
Trade and Other Payables	Advance Payments	-	-
Trade and Other Payables	Control, Clearing and Interface Accounts	14,950,338	3,927,965
Trade and Other Payables	Other Payables	2,243,105	7,261,269
Trade and Other Payables	Retentions	2,033,273	1,716,601
Cash and Cash Equivalents	Bank Overdraft	-	2,432,766
		294,551,325	**223,292,252**

56. IN-KIND DONATIONS AND ASSISTANCE

The Northern Cape: Provincial Treasury has assisted the municipality with asset management related services during the year. These services does not meet the recognition criteria in terms of GRAP 23 and are therefore only disclosed in the financial statements. The estimate value of the services amounts to R1 700 000 (2018: R3 544 032).

57. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

58. CONTINGENT LIABILITY

The municipality is currently engaged in the following litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions:

Nama Khoi Municipality / Cornelissen Inc. (obo Schreuders Attorneys)

Legal fees charged to the Municipality which was not sanctioned by Council. Management's estimate of financial exposure, including costs and disbursements - R1 500 000.

Nama Khoi Municipality / ESKOM (obo Werksmans Attorneys)

Negotiations with Eskom over the outstanding amount payable. Management's estimate of financial exposure - R700 000.

	2019 R	2018 R

59. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

59.1 Related Party Transactions

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2019						
Councillors						
CW Markus	5,239	9,263	539	423	4,833	482
CE Gertze	708	4,148	771	-	414	28
L Vries	3,823	7,772	-	-	864	59
P Van Reenen	2,284	8,016	241	1	959	90
WS Jordaan	36,448	19,416	-	169	4,445	352
R Kritziner	14,283	18,856	-	64	2,367	163
S Kleinbooi	2,709	9,438	229	8	1,285	104
J Van den Heever	2,473	6,040	-	-	613	-
LF Faber	868	7,591	-	-	774	66
SJC Van Wyk	1,117	6,334	-	-	3,369	975
SH Ruiter	2,738	4,199	-	11	1,148	177
GJ Coetzee	1,274	10,108	-	-	925	72
ZP De Jongh	888	5,607	-	-	2,613	552
SJC Van Wyk	8,741	7,252	-	27	1,335	-
S Kleinbooi -Dessert Inn	26,913	196,403	-	84	15,776	927
SH Ruiter -Guest House	4,665	19,227	-	4,663	59,741	49,610
WS Jordaan Wonic	-	30,870	-	1,510	3,967	612
W Van Schalkwyk	119	1,119	-	1	839	98
ML Isaacs	276	1,131	-	-	575	87
	115,568	**372,789**	**1,780**	**6,962**	**106,841**	**54,454**

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Municipal Manager and Section 57 Employees						
R Hartley	15,746	9,348	-	-	1,943	140
WJ Bowers	13,735	11,967	-	-	1,822	124
J Cloete	6,334	11,913	-	-	1,300	87
BJ Love	13,103	17,520	-	-	2,005	123
DC Maarman	3,795	4,451	-	-	703	-
	52,713	**55,198**	**-**	**-**	**7,772**	**474**

Year ended 30 June 2018	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Councillors						
CW Markus	4,976	8,314	281	3,078	33,019	33,019
CE Gertze	645	6,498	498	-	393	393
L Vries	3,631	7,140	-	-	946	946
P Van Reenen	2,170	6,187	-	-	912	912
WS Jordaan	34,614	19,485	-	352	4,650	4,650
R Kritziner	13,564	15,837	-	73	899	899
S Kleinbooi	2,359	9,316	217	2	1,122	1,122
J Van den Heever	2,349	7,442	-	-	582	582
LF Faber	825	6,878	-	-	606	606
SJC Van Wyk	1,273	8,707	-	-	1,591	1,591
SH Ruiter	2,600	4,678	-	10	515	515
GJ Coetzee	1,210	8,759	-	-	638	638
ZP De Jongh	3,129	7,433	-	468	3,902	1,209
SJC Van Wyk	1,012	7,273	-	6	1,209	3,902
S Kleinbooi -Dessert Inn	25,556	191,286	-	20	20,186	20,186
SH Ruiter -Guest House	4,430	21,368	-	4,658	43,386	43,386
WS Jordaan Wonic	-	53,510	-	495	22,834	22,834
	104,342	**390,112**	**995**	**9,162**	**137,392**	**137,392**
Municipal Manager and Section 57 Employees						
R Hartley	14,954	8,598	-	-	1,867	1,867
WJ Bowers	9,783	13,476	-	-	1,843	1,843
J Cloete	6,016	9,500	-	-	1,145	1,145
BJ Love	9,372	11,703	-	-	1,974	1,974
DC Maarman	1,170	904	-	-	628	628
	41,295	**44,181**	**-**	**-**	**7,457**	**7,457**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

The municipality has to report to the MEC of Local Government (NC Department of COGHTA). All municipalities in the Northern Cape are therefore related parties.

Related party relationship

Councilors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

59.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 34 to the Annual Financial Statements.

59.3 Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2019:

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
SA Titus	Municipal Manager	131,345	-	299,525
HE Cloete	Chief Financial Officer	70,711	26,009	75,947
JS Cloete	Head: Technical Services	131,877	-	68,773
DC Magerman	Head: Corporate Services	72,979	35,791	98,052
		406,911	**61,799**	**542,297**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2018:

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
SA Titus	Municipal Manager	97,791	-	404,315
HE Cloete	Chief Financial Officer	73,501	23,738	29,909
JS Cloete	Head: Technical Services	152,032	-	170,114
DC Magerman	Head: Corporate Services	47,536	33,449	38,361
		370,861	**57,188**	**642,699**

				2019 R	2018 R

59.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship		
Uutkoms Takeaways	J Brandt	Nama Khoi Municipality - Sewerage	Husband	-	7,380
Rosy's Kitchen	J Louw	Department of Public Works	Husband	-	149,758
				-	**157,138**

60. FINANCIAL SUSTAINABILITY

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Nama Khoi communities resulted in a serious risk for Nama Khoi Municipality's going concern.

Unless sustainable job creation is achieved, Nama Khoi Municipality will not be able to function as a going concern without Government Grants and Subsidies.

The average creditors payment period is 622 days (2018: 553 days).

The municipality is experiencing difficultly to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R242 436 162 (2018: R174 306 228).

The municipality have budgeted for a deficit of R40 444 000 for the 2019/2020 financial year, and R56 057 000 and R48 395 000 for the 2019/2020 and 2020/2021 years respectively. The municipality has budgeted for positive cash flows for the next three years amounting to R3 444 000, R1 344 000 and R16 000 respectively.

NCPT has assisted the municipality to prepare a financial recovery plan. The plan will be implemented, once approved by council.

COGTA is currently assisting the municipality with revenue enhancement strategies and verification of consumer data.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

61. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that would affect the operations of the Municipality or the results of those operations significantly.

APPENDIX A
NAMA KHOI MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
LEASE LIABILITY								
Nashua (Old lease printers)	10.25%	Various		20,238	-	-	(20,238)	-
Nashua (New lease printers)	10.25%	Various		-	-	903,946	(133,126)	770,820
ABSA Vehicle rentals	10.25%	Various		-	-	11,124,207	(766,434)	10,357,773
Total Lease Liabilities				20,238	-	12,028,153	(919,798)	11,128,593
TOTAL EXTERNAL LOANS				20,238	-	12,028,153	(919,798)	11,128,593

APPENDIX B
NAMA KHOI MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Governance and Administration			
1,407,405	(18,514,109)	(17,106,703)	Executive and council	1,562,710	(19,882,396)	(18,319,685)
99,919,167	(96,735,567)	3,183,601	Finance and administration	111,874,727	(118,169,942)	(6,295,214)
-	(1,170,129)	(1,170,129)	Internal audit	-	(966,788)	(966,788)
			Community and Public Safety			
2,338,582	(9,442,144)	(7,103,563)	Community and social services	2,030,936	(5,095,522)	(3,064,586)
47,789	(2,360,818)	(2,313,030)	Sport and recreation	(3,034)	(3,394,960)	(3,397,994)
14,912	(2,702,892)	(2,687,980)	Public safety	-	(2,677,159)	(2,677,159)
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
			Economic and Environmental Services			
-	(1,092,000)	(1,092,000)	Planning and development	(9,660)	(1,286,907)	(1,296,568)
2,367,614	(11,857,346)	(9,489,732)	Road transport	2,018,981	(26,897,872)	(24,878,892)
-	-	-	Environmental protection	-	-	-
			Trading Services			
78,894,457	(75,073,751)	3,820,706	Energy sources	86,614,416	(87,403,034)	(788,617)
32,340,823	(37,751,753)	(5,410,931)	Water management	45,438,193	(45,656,225)	(218,033)
25,350,276	(52,600,679)	(27,250,404)	Waste water management	20,586,258	(9,610,542)	10,975,716
12,473,800	(11,789,235)	684,565	Waste management	13,087,607	(12,422,617)	664,990
60,646	(374,607)	(313,961)	**Other**	31,477	-	31,477
255,215,470	(321,465,031)	(66,249,561)	Sub Total	283,232,611	(333,463,963)	(50,231,352)
-	-	-	Less Inter-Departmental Charges	-	-	-
255,215,470	(321,465,031)	(66,249,561)	**Total**	283,232,611	(333,463,963)	(50,231,352)

APPENDIX C
NAMA KHOI MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Municipal Manager			
159,283	(8,772,687)	(8,613,404)	Council General Administration	208,113	(7,615,926)	(7,407,813)
-	(8,967,085)	(8,967,085)	Office Of the Municipal Manager	12,957	(11,423,612)	(11,410,655)
608	(230,115)	(229,507)	Disaster Risk Management	808	(132,313)	(131,505)
-	(34,569)	(34,569)	Performance Management	-	-	-
-	(1,170,129)	(1,170,129)	Internal Auditing	-	(966,788)	(966,788)
-	-	-	Comunication & Media	-	-	-
1,248,122	(774,337)	473,786	Planning And Development	1,341,641	(842,858)	498,783
-	-	-	Tourism, IDP & LED	(9,660)	-	(9,660)
			Financial Services			
3,172,144	(6,738,584)	(3,566,440)	Accounting, Budget and Finance Management	3,740,515	(4,536,159)	(795,644)
5,513	(10,984,873)	(10,979,360)	Expenditure & Supply Chain	8,015	(12,805,318)	(12,797,304)
2,311,980	(565,636)	1,746,344	Income and Debtors	2,582,810	(931,068)	1,651,742
47,003,951	(42,402,971)	4,600,980	Manager: Financial Services	52,308,752	(47,677,279)	4,631,473
45,165,614	-	45,165,614	Property Rates and Valuation Services	47,470,760	-	47,470,760
			Corporate Services			
-	-	-	Administrative Support & Corporate Advice	-	-	-
-	-	-	Archival Services	-	-	-
(622,632)	(1,718,709)	(2,341,341)	Cleaning Services	(770,636)	(1,913,609)	(2,684,245)
1,388,572	(1,233,851)	154,720	Human Resources	4,584,893	(1,395,252)	3,189,641
-	-	-	Legal And Development Planning	-	-	-
522	(12,654,267)	(12,653,746)	Corporate Serv: Manager	446	(15,925,873)	(15,925,427)
1,474,783	(483,275)	991,508	Municipal Property Management	1,931,112	(551,952)	1,379,161
14,557	(8,553,944)	(8,539,386)	Corporate Service: ICT	14,398	(5,746,421)	(5,732,023)
			Community Services: Community Development			
41,237	(479,399)	(438,162)	Cemeteries	46,410	(95,653)	(49,243)
1,029,813	(766,627)	263,186	Commonage Farms	1,065,702	(1,037,757)	27,946
-	-	-	Environmental Health	-	-	-
-	(268,558)	(268,558)	Museum	-	(294,388)	(294,388)
1,077,241	(7,505,975)	(6,428,735)	Libraries & Information Services	744,737	(3,165,279)	(2,420,542)
197,153	(760,741)	(563,588)	Manager: Community Development	186,186	(874,258)	(688,072)
(7,913)	(374,607)	(382,520)	Municipal Airport	(23,346)	-	(23,346)
2,354	(2,150,174)	(2,147,820)	Parks and Open Areas	3,656	(1,765,715)	(1,762,059)
12,473,800	(11,789,235)	684,565	Refuse Removal and Waste Management	13,087,607	(12,422,617)	664,990
45,435	(210,644)	(165,209)	Sport Facilities	(6,690)	(1,629,245)	(1,635,935)
			Community Services: Public Safety			
-	(776,002)	(776,002)	Emergency, Fire & Disaster	-	(896,022)	(896,022)
68,559	(2,365,245)	(2,296,686)	Law Enforcement Services	54,823	(2,305,347)	(2,250,524)
14,912	-	14,912	Municipal Pound	-	-	-
2,367,614	(4,744,756)	(2,377,141)	Traffic Services	2,018,981	(5,181,157)	(3,162,176)
-	-	-	Vehicle Testing and Licences	-	-	
			Electrical Engineering Services			
78,894,457	(75,073,751)	3,820,706	Electrical Engineering Services	86,614,416	(87,403,034)	(788,617)
			Infrastructure, Engineering & Technical Services			
-	-	-	Building control and regulations	-	-	-
-	(1,056,693)	(1,056,693)	Manager: Infrastructure	-	(17,149,784)	(17,149,784)
(3,307)	(10,468,184)	(10,471,491)	Workshops	(9,246)	(25,789,220)	(25,798,466)
-	(981,077)	(981,077)	Project Management Unit	-	(1,156,364)	(1,156,364)
-	-	-	Public Toilets	-	-	-
-	(6,055,897)	(6,055,897)	Roads	-	(4,566,932)	(4,566,932)
25,350,276	(52,600,679)	(27,250,404)	Sewerage and Sanitation	20,586,258	(9,610,542)	10,975,716
-	-	-	Stormwater	-	-	-
-	-	-	Vehicle, Plant and Machinery	-	-	-
32,340,823	(37,751,753)	(5,410,931)	Water	45,438,193	(45,656,225)	(218,033)
255,215,470	(321,465,031)	(66,249,561)	Sub Total	283,232,611	(333,463,963)	(50,231,352)
-	-	-	Less Inter-Departmental Charges	-	-	-
255,215,470	(321,465,031)	(66,249,561)	**Total**	283,232,611	(333,463,963)	(50,231,352)

APPENDIX D
NAMA KHOI MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
National Government Grants											
Equitable Share	-	-	-	43,917,000	-	-	(43,917,000)	-	-	-	-
Finance Management Grant	-	-	-	2,215,000	-	-	(2,215,000)	-	-	-	-
Municipal Infrastructure Grant	-	-	-	11,497,000	-	-	(242,209)	(9,390,489)	1,864,302	1,864,302	-
Integrated National Electrification Grant	7,016,524	-	7,016,524	4,000,000	-	-	-	(6,143,694)	4,872,830	4,872,830	-
Water Services Infrastructure Grant	236,375	-	236,375	5,000,000	-	-	(272,452)	(4,446,664)	517,259	517,259	-
Total National Government Grants	**7,252,899**	**-**	**7,252,899**	**66,629,000**	**-**	**-**	**(46,646,660)**	**(19,980,848)**	**7,254,391**	**7,254,391**	**-**
Provincial Government Grants											
Expanded Public Works Programme	-	-	-	1,000,000	-	-	-	(999,532)	468	468	-
Libraries, Archives and Museums	105,751	-	105,751	795,000	-	-	(900,751)	-	-	-	-
Department of Water Affairs - WSACDBF	510,747	-	510,747	-	-	-	-	-	510,747	510,747	-
LG SETA	88,138	-	88,138	82,645	-	-	-	-	170,784	170,784	-
Department Sport, Arts and Culture	308,500	-	308,500	-	-	-	-	-	308,500	308,500	-
Swimming Pool	450,000	-	450,000	-	-	-	-	-	450,000	450,000	-
World Cup 2010	52,139	-	52,139	-	-	-	-	-	52,139	52,139	-
Municipal Disaster Recovery Grant	4,542,000	-	4,542,000	9,788,000	-	-	-	(10,442,459)	3,887,541	3,887,541	-
Fire Equipment	52,264	-	52,264	-	-	-	-	-	52,264	52,264	-
Total Provincial Government Grants	**6,109,539**	**-**	**6,109,539**	**11,665,645**	**-**	**-**	**(900,751)**	**(11,441,991)**	**5,432,442**	**5,432,442**	**-**
Other Grant Providers											
Wade Project	40,362	-	40,362	-	-	-	-	-	40,362	40,362	-
Total Other Grant Providers	**40,362**	**-**	**40,362**	**-**	**-**	**-**	**-**	**-**	**40,362**	**40,362**	**-**
Total Grants	**13,402,800**	**-**	**13,402,800**	**78,294,645**	**-**	**-**	**(47,547,411)**	**(31,422,839)**	**12,727,195**	**12,727,195**	**-**

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.